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END MARKET STUDY FOR FRESH AND DRIED FRUITS IN ROMANIA

**AGRICULTURAL COMPETITIVENESS AND ENTERPRISE DEVELOPMENT
PROJECT (ACED)**

OCTOBER 2011

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EXECUTIVE SUMMARY

Romania is an important European agricultural producer but the consumption of fresh fruits in Romania has been declining steadily over the last four years by an average of 8.4% each year. Average per capita consumption fell to 58 kg of fruits per person in 2010 from 83.2 kg in 2006. The local fruit production fluctuates as much as 10% year by year with the volumes over the last four years declining on average 3.7% and approximating 2,170 thousand tons per year. Imported fruit over the course of the last 4 years declined on average 7% per year and now accounts for 30% of the market. Apples are the only fruit studied with a positive growth trend in overall production and stable imports totalling about 6.5% of the market in 2010. Both production and imports of table grapes are in a sharp decline with imports accounting for 18% of the total Romanian market last year. Domestic peach production is relatively steady with imports significantly declining since 2006 and accounting for 46% of the total market last year. The dried whole plum market is very small approximating 440 tons per year and mainly supplied by imports.

The best potential for Moldova fruit in the Romanian market is with Moldovan table grapes. Minimum Entry Price (MEP) policies (explained in depth later) are a definite factor during the harvesting period. This is not a key concern when sold from cold storage starting late in November. Apples can also be competitive during certain periods but face ongoing barriers with the Minimum Entry Price which prevents low priced fruit from entering into the European Union for much of the year. Moldovan fresh peaches have no potential in the Romanian market due to the MEP. Dried whole plums also have very little potential due to extremely low demand with very cheap product being shipped from Serbia.

The current channel for Moldovan fresh table grapes and apples is only the open air markets. This channel is still very important for Romania although shrinking due to expansion and pressure from modern retailers (supermarkets, hypermarkets, Cash and Carry, etc.) that are developing fast. In order to secure a profitable place in the market Moldovan producers need to start shipping their produce to these modern retailers.

The best season for selling table grapes is December-January. With proper cold storage, grapes can be extended through early March. November and December are the best months to sell apples in Romania since the local product is not abundant and price increases take place. Peaches, unfortunately, do not have viable avenues of entry due to the high MEP during the seasonal window

of June through August. The market for dried plums is limited to one month before Christmas and one month before the Easter holiday although even then, volumes and prices are extremely low.

The most important requirement in packaging is to protect the fruits from damage. As long as packaging satisfies this requirement it will be accepted by the general buyer. For the Romanian market several types of packaging are acceptable including wood, carton or plastic. All of them are available in Moldova. Palletizing is critical for those suppliers who want to deliver product to the modern retailers that are increasing their share of the market.

Sizing is extremely important for all fruits. For apples the most widely accepted size is 70+mm. For table grapes, it is important that the weight of a bunch is 600-800 grams (with bigger being generally better) along with good size berries (20mm) that are generally uniform. It is extremely important that all fruits shipped are free of visual defects.

Varieties are not very important in Romania. Consumers generally distinguish fruits by color. Red, green and yellow colored apples all have their distinct customers although, generally speaking, red is the preferred color. For grapes there is good demand for both dark/red and white varieties. It's worth mentioning that Moldovan table grapes should be dark color with seeds, as the competition in this segment is much lower.

Romania has adopted EU legislation and business practices and compliance with these EU Marketing standards is important however not properly enforced. GlobalGap is not legally mandatory but requested by many although non-conforming practices are widespread. HACCP principles are imposed by legislation on all participants in the marketing chain of fresh and dried fruits but are also not always enforced.

A Moldovan producer wishing to work with a distributor or retail chain on a long term basis should be ready to provide the partner the possibility of post payment of at least 14-30 days. The biggest commercial volumes are sold when the producer and distributor work very closely together with the distributor working on a fixed commission and selling the produce based on market conditions at that point in time.

1. INTRODUCTION

About ACED

ACED is a five year project, co-funded by the United States Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC), and implemented by Development Alternatives, Inc. (DAI) to increase the success of the Moldovan agriculture sector in the production and marketing of high value crops both in the domestic market and internationally. ACED focuses on a limited number of high value agriculture value chains with the potential for providing positive returns to farmers and the rural economy. The program provides a combination of technical and managerial training, technical assistance and marketing services to strengthen existing value chains and encourage the development of new ones.

Objectives of the study

The goal of this End Market Study (EMS) is to enable Moldovan fruit value chain participants (producers, packers, consolidators and others) to get a better understanding of the market for their products in Romania and the requirements for entering that market. The products included in this EMS are fresh apples, table grapes, peaches and dried plums.

The general objectives of this End Market Study are:

- to analyze demand in a specific market—size, trends, consumer preferences, and requirements, and overall structure (product categories, price segments, and distribution channels).
- to determine retailer/wholesaler sourcing requirements (packaging, grading, varieties, volumes, price points, etc.).
- to benchmark Moldovan products against competitive products already in the market to target competitive strengths and weaknesses.
- to identify key drivers of demand likely to affect the market in the next 5-10 years.

The study team set out to answer the following questions:

- What are the buyers' critical requirements for each product being analyzed (varieties, quality, pricing, volume, delivery, packaging, certifications)?

- What are the strengths and weaknesses of apples, grapes, peaches and dried plumsthes items in the Romanian market?
- What is the incremental “pricing ladder” for the entire distribution channel-importer, wholesaler, and retailer?
- What are packaging requirements for wholesale and retail markets?
- What are local consumer preferences and trends with regard to varieties, sizing and other product attributes?
- Are there important market niches such as organic or Fair Trade and if so what are their characteristics with regard to products, volumes, price differential and distribution channels?
- Who are the most important buyers for each product in the market studied?
- What reputation does Moldova have as a source of fresh produce in this market?
- What are the normal payment terms for imported fresh produce in the Romanian market?
- What are the legal procedures that must be followed from Moldova into Romania?
- What are standard trade practices related to the imports of fresh fruits into Romania?

Methodology used

The findings of this report are based on primary and secondary information collected from different sources. ACED engaged the Moldovan research company, Magenta Consulting, to provide information on production, trade statistics, wholesale price dynamics and legislative requirements using desk research and telephone interviews. . This information was verified and supplemented by the ACED team via parallel desk research and utilization of open and paid information resources like, UN Comtrade database, Global Trade Atlas, Eurostat, Euromonitor and other sources.

In order to get primary information directly from the source, ACED engaged an external consulting firm, Romania-based company Vitma Consultanta, that was asked to call on its detailed knowledge of the Romanian market to introduce the ACED research team to the market players in Romania and to establish direct linkages with potential buyers of Moldovan produce., The ACED research team visited Bucharest and Constanta during the period of August 7-14, 2011 and, accompanied by a representative of Vitma Consultanta, had meetings with 14 market players including importers, wholesalers of fresh and dried fruits, sales agents, brokers and representatives of retail chains. In addition, the research team carried out store checks in supermarkets with visits to the Bucharest Wholesale Market, Su Market, (biggest wholesale market in Romania) and a number of retail open markets.

Report structure

This report consists of a brief executive summary, introduction, general description of the Romanian fruit market, and product-related market information section, which is divided by each studied fruit. In addition, it includes a description of distribution channels, import and payment procedures and governmental import requirements. At the end of the report there are specific conclusions and

recommendations for Moldovan producers. Annexes include a contact list of potential buyers, EU customs duties and EU Marketing standards.

2. GENERAL DESCRIPTION OF THE FRUIT MARKET IN ROMANIA

Romania is the seventh largest nation among the 27 EU nations, with 21.5 million inhabitants. More than half of the population (55 percent) lives in urban areas and this percentage continues to grow. Romania is one of the most important horticultural producers within the European Union and ranks 6th in cultivated surface area and now accounts for approximately 5% of the overall EU production volume. One third of Romania's labor force works in the agricultural sector which is 5 times the EU average and an extremely important part of their economy accounting for 6.7% of Gross Domestic Product.

Figure 1. Map of Romania by regions and counties



Since joining the European Union in 2007 there have been significant changes affecting the fruit business. Integration into the European Union has provided Romanian farmers with the opportunity to upgrade and access more than 500 million consumers. Romania continues to implement all the EU regulations that are required to commercially trade within the EU. The financial support provided by the EU has been very instrumental in increasing the competitiveness of the overall sector as well as helping the producers improve their efficiency through upgraded technology. This will prove to be most advantageous since there is a lot of fragmentation in the agricultural chain along with obsolete production methodology. This country does have favorable climate and an abundance of arable land and the infra-structure shortage is slowly changing. Local fruit production in Romania over the last four years has fluctuated as much as 10% year to year with volumes declining on average 3.7% , approximating 2,170 thousand tons per year. The lowest volume of these years was 2007 with 1,959 thousand tons and the highest was 2009 with 2,313 thousand tons.

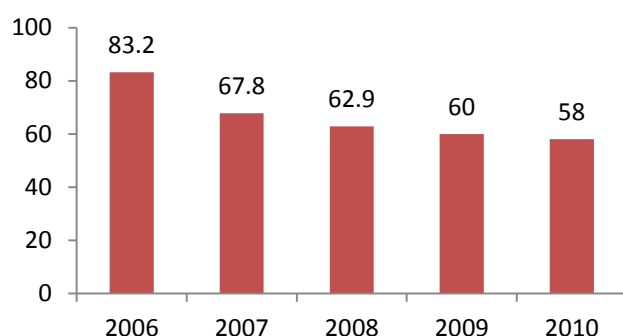
Of the fruits studied the only one that continues to increase its presence in the market place every year is apples. The table grapes market has decreased considerably as reflected in both lower domestic production and imports. Peach production has been generally constant although last year there was a slight increase. Dried whole plums volumes were very slight with volumes constant from the previous year totaling less than 440 tons for the entire country.

Generally Romanian fruit appears in the market during the summer/early autumn periods. Imports can be found in abundance during the winter and spring seasons and, to a lesser extent, during the other periods of the year. Sales of fresh fruit has a very pronounced seasonal character with the consumption of fresh fruit significantly higher in the summer months

With all this being said there are some interesting things that are happening which are indeed worth mentioning:

1. Over the course of the last five years the per capita consumption of fresh fruits has actually declined by 30% and this pattern has continued, though at a slower pace through 2010.

Figure 2. Average per capita consumption of fresh fruits in Romania, kg

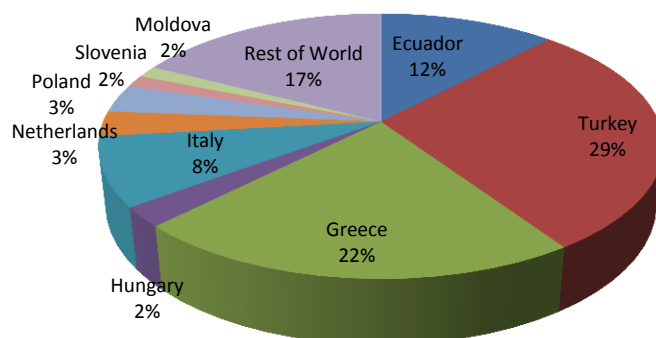


Source: Ministry of Agriculture and Rural Development of Romania

2. The overall production of fruit over the course of the last three years has been moderate. Technological advances and post harvest improvements from EU funded programs will take additional time to come to fruition.

The key countries exporting fruit into Romania are as follows:

Figure 3. Share of the main countries exporting fruits to Romania in 2010, by volume



Source: Export Helpdesk

The commercial landscape for fresh fruit in the Romania market really has two distinct areas where trading takes place, excluding the industrial market. The general population base continues to

migrate more to the urban areas with a larger and larger percentage of people now shopping for all their needs at independent stores, supermarkets, hypermarkets, Cash & Carry etc. This is a trend that will most likely continue. The percentage of all products purchased at these modern retail stores total a staggering 93%, and this is indeed a very competitive environment. The fresh fruit side of the business has followed this trend a lot slower and presently there is a 50/50 split as to where fruit for home consumption is purchased between the open air markets and the various modern retail formats.

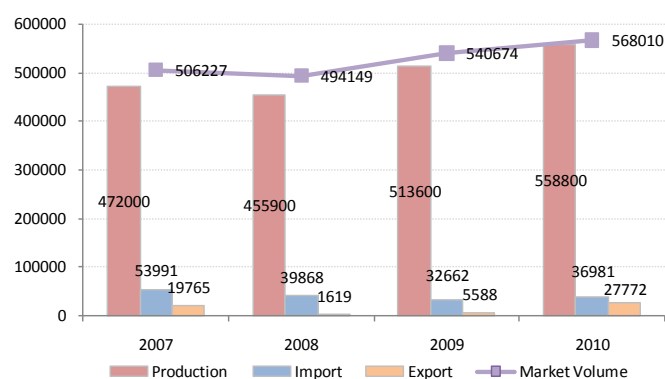
3. MARKET INFORMATION ON STUDIED FRUITS

3.1. APPLES

3.1.1. Characteristics of the apple market

Market size

Figure 4. Market volume of apples, tons



Source: EUROstat Data Base

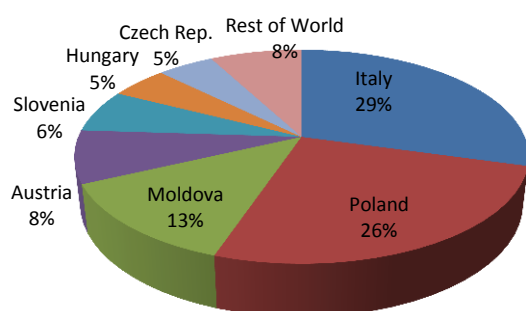
In Romania the market volume of fresh apples experienced an upward trend over the last four years. From 2007 till 2010 the overall apple consumption increased by 12% from 506 to 568 thousand tons. During the same time frame the overall production of fresh apples increased by 18% from 472 to 558 thousand tons. Overall imports of apples in 2010 were up 13.2% compared to 2009 but down 7.2% from 2008.

3.1.2. Competition and prices

Competition

Apples are consumed all year round and the competition is very intense stemming mainly from the vast production from local producers. Imported apples are shipped from Italy, Poland, Moldova, Austria, Slovenia, Hungary, Czech Republic and to a significantly smaller extent in the winter months from the Southern Hemisphere with Argentina and Chile. This competition from various supply countries many times are fighting for small percentages of the business which are niche markets where price is not the only factor and value although important is considered along with overall quality and presentation.

Figure 5. Fresh apples imports in Romania in 2010 by volume



Source: Global Trade Atlas

Moldovan share of imports dropped from 24% in 2005 to 0% in 2008 (year of Romania accession to EU) and have slightly recovered to 13% in 2010.

Price competitiveness of Moldovan apples in Romania

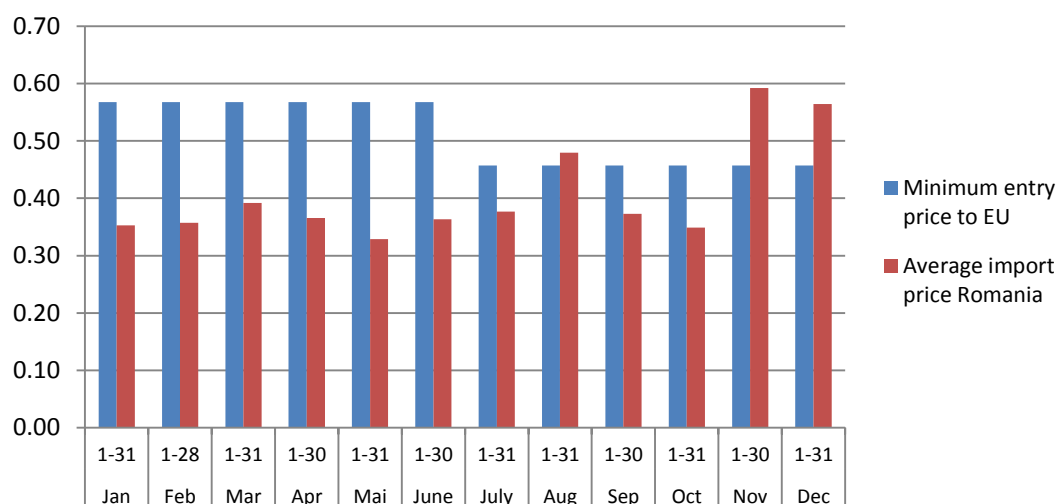
The majority of the Moldovan products including apples benefit from the Asymmetric Trade Agreement when exported to EU and 0% of import duty is applied. In order to benefit from this the price of imported goods needs to be equal to or higher than the stipulated “minimum entry price” for that specific period of the year. If the import price is lower, it is automatically adjusted to the MEP by applying a corresponding import duty that, when applied, will equate to the MEP.

Minimum Entry Price (MEP) is a mechanism that protects EU producers from products coming from non-EU countries being sold very cheap in the market. MEP rate is the same for all EU countries and is the same for all countries that export to EU. There are specific fruits where the MEP is a definite barrier for Moldovan shipments trying to enter into the E.U. Below we analyze the monthly fluctuation of the average import prices¹ (AIP) to Romania in comparison with the minimum entry price (MEP) for Moldovan products to determine whether this is a barrier of entry for each specific product.

In establishing a pricing strategy to go to market both the MEP must be considered and the pricing of the competitive supply countries as to best determine what price range is needed to effectively market the fruit.

Figure 6. Monthly import price in 2010 and minimum entry price fluctuation for fresh apples in Romania, euro/ kg

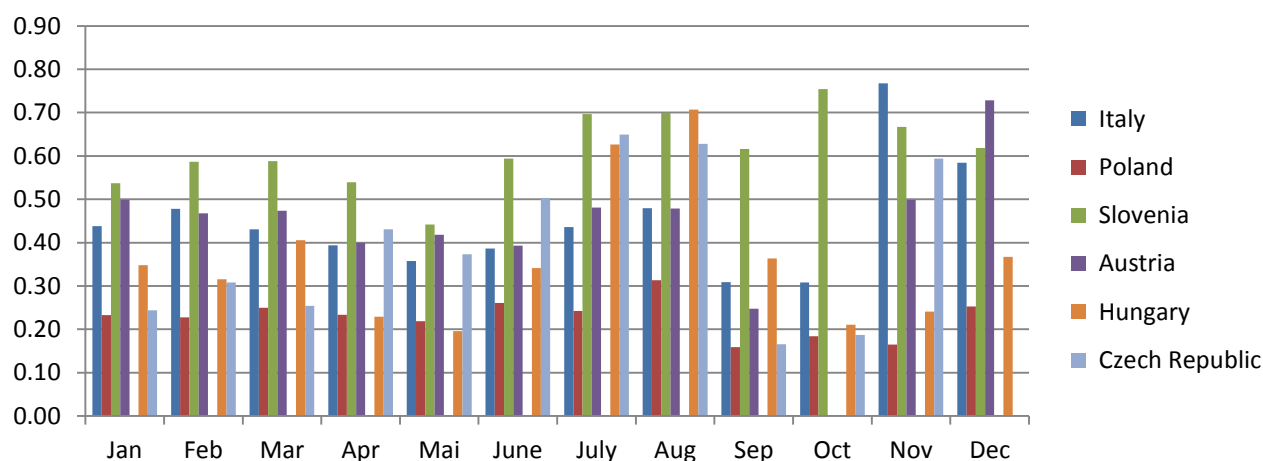
¹ Import price is calculated as a price of the goods delivered to the country border, including the transportation and insurance cost to the border. It does not include import duties and VAT.



Source: Global Trade Atlas

The minimum entry price for Moldovan fresh apples in EU varies from €0.457 to €0.568 for 1 kg during a year. As one can see from the figure above that from January till June the MEP is much higher than the AIP. The main countries supplying apples to Romania in that period are Italy (€0.36 – €0.48/kg) and Poland (€0.23 – €0.26 /kg). The high MEP of €0.568 /kg blocks Moldovan apple imports since the quality and perception of Moldovan apples cannot be compared to the Italian ones which are being sold at a lower price as well as the Polish apples.

Figure 7. Monthly import price fluctuation for fresh apples in Romania by country in 2010, €/ kg



Source: Global Trade Atlas

From July to October the import volumes and AIP drop as local production comes into the market. The price of Italian apples drops to €0.31 /kg (October 2010) and the Polish apples to €0.18 /kg. It is interesting to note that a key supplier in that period is Slovenia who during that time period has 20% market share of imports shipping excellent quality apples and commanding a very high price of (€0.62 - €0.75 / kg). As a reference, Romanian producers supply their low quality apples at the average price of €0.15 /kg during that period. It's important to mention that Poland usually dictates the price based on big volumes and best value and other suppliers need to adjust to it if they want to

sell significant quantities in the Romanian market. Moldovan suppliers have few opportunities to sell at the MEP price of €0.457/kg.

It's worth mentioning that if the import price for Moldovan apples is below €0.42 /kg the import duty applied is €0.238 /kg. This means that if the overall market price is extremely low the total price of entry after paying import duties will still be lower than MEP.

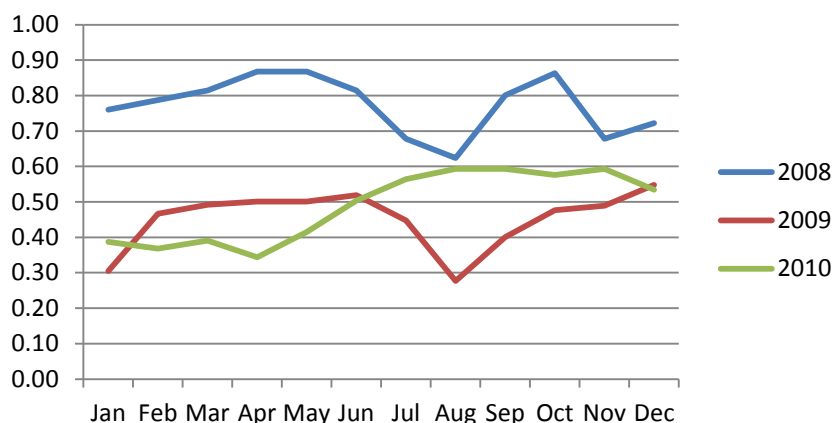
Moldovan exporters used an alternative “opportunity” to ship cheap apples to Romania, namely by exporting them as “cider apples” with an average import price of €0.137/kg supplied in September - November 2010. Cider apples are low quality apples, shipped in bulk, , not sized, that might have external defects, improper sugar or acidity content. These apples cannot be legally sold for fresh consumption as they do not meet specifications and can be used only for apple cider production.. Ironically a fair amount (no data available) of Moldovan apples are exported as “cider apples” and are shipped not in bulk boxes but packed in traditional wooden boxes and are being sold for fresh consumption. “Cider apples” can be exported to the EU only in the period of September 16 – December 31 and the import duty applied is only €0.0036/kg which is a tremendous difference compared to fresh apples (€0.238 /kg) No data is available on how high the “unofficial cost” of performing customs clearance for importing apples for fresh consumption as “cider apples”. This seems to be a temporary opportunity for Moldovan exporters as the customs control on the border with Romania becomes more rigorous over time since Romania needs to adhere to the common EU customs legislation and practices.

In the months of November and December there is a potential for Moldovan high quality apples to be shipped from cold storages into the Romanian market since the AIP is higher than MEP and Romanian local supply decreases due to lack of cold storage facilities. The main competitors in this period are Italy, Slovenia and Hungary. The Italian and Slovenian apples were imported within the price range of €0.58-0.67 /kg, while the Hungarian shippers were selling lesser quality apples at €0.24 – 0.37 /kg. In order to effectively compete in Romania the Moldovan apples need to be in line with the quality standards of Italy and Slovenia or it will be very difficult to gain market entry.

Wholesale prices

Fewer apples are consumed during the summer months due to a greater selection of other fruits in the market. The high season for imports starts in October when the Romanian fruits appear on the market.

Figure 8. Wholesale prices for fresh apples, €/kg, incl. VAT



Source: Ministry of Agriculture and Rural Development of Romania

The figure above shows that there is no real correlation between the average wholesale price for apples during a specific quarter or any pattern year to year. During the market visit several key market players mentioned that prices are generally 20% higher in December and 30% higher in April compared to the base price in October. These premiums are not consistent with price data reported through official sources. Prices seen in the retail market during the study visit in August 2011 varied greatly depending on size and quality. Early varieties of Romanian apples, such as Jonatan, were selling from €0.35/kg, for small, low quality fruit to €0.45/kg for better, quality larger fruit and as high as €0.70/kg for even bigger, better quality fruit. The wholesale prices from producers started at €0.30/kg including VAT. The bigger size apples, 70mm+ Golden variety, were selling for €0.95 – 1.05/kg. The maximum price for premium apples from either Austria or Italy was €1.15/kg.

Market comments were made indicating that during the last high season (October 2010) the wholesale price for apples was €0.35 – 0.60/kg and, in the winter time, this increased to €0.70 – 1.00 /kg. In October 2010, apples from Romania and Moldova were sold on average (wholesale price with VAT) for €0.40–0.45/kg. Then the price increased to €0.55/kg in December. During the same period the Hungarian and Polish apples were selling for €0.65/kg while the Austrian apples were priced at €0.80/kg with this pricing steady through the May/June period. As additional market data, in 2011 Austria held apples of the Golden variety until summer and the retail price in August was €0.95 – 1.15/kg and Idared variety apples were also available at a price of €0.85/kg.

Some of the more expensive prices found at retail at Selgros Cash & Carry in August were the following:

1. Red Delicious (Italy) – open carton box, 1 layer with cells – €1.35/kg and in bulk – €1.15 /kg.
2. Golden (Italy) – open carton box, 1 layer with cells – €1.10/kg and in bulk – €0.95/kg (2nd quality category).
3. Idared – €1.00/kg.

It is interesting to note that there are wholesalers working in the market who bring in 500 kg containers of the Golden variety that sell for €0.75/kg while, in the more usual smaller boxes, the price would be an additional €0.10-0.15/kg. These apples are from Italy and the traders are working on a commission basis generating good sales and taking advantage of price differentials from the bulk 500 kg containers.

The price premium for bigger apples is usually 7-8% and the average price premium for superior quality compared to category 1 is 10-12%. This price differential is paid for excellent large fruit but this is a small niche of the market that is willing to pay the premium for extreme quality and sizing.

3.1.3. Specific product requirements for apples

Sizing and grading

All sizes and mixed sizes can be sold at a price but the general preference is for boxes of 70-75 mm with little variation. Small fruit 60-70mm can be sold easily at a lower price, which is often critical with HoReCa and school programs. The larger fruit 80-90 mm is the more premium pack size fruit that used to be more in demand but that trend is diminishing.

The sizing variance for Extra, class 1 fruit, and Class II fruit packed in rows or layers should not exceed 5 mm. There are some varieties, like Bramley, Triomphe of Kiel and Horneburger, where the tolerance can be as much as 10 mm.

The grading of the fruit is very simple and straight forward as there are three grades used for apples, basing on the Marketing standards for apples, approved by EU. These standards can be found in Annex 2 of the report. It is important to note that when the grading is mixed the buyer will only pay the lower of the grade market price at all times.

Color and varieties

There are many different varieties in the market but the two that distinctly control the market are Idared and Golden both which are very commonly produced in Moldova and are mainstream varieties. There have been numerous comments made that the customer really does not know varieties except for these two and varieties are not that important as compared to the color. It is interesting to note that the color of the Golden has a green shade to it and this is widely accepted and even preferred by some consumers. It is also worth noting that red apples are in greater demand through the end of the year. Starting in the New Year the Golden and Green apples are in great demand as well.

Other varieties presently in the market were Red Delicious and Granny Smith as well as the local Romanian apples Jonatan de Vara and the early local variety “Bot de iepure”.

There are no sharp regional preferences as with other fruits as both the red and green/yellow colored apples are accepted everywhere depending once again on the perceived “value” of the offering.

Packaging and labeling

The packaging for apples is something that varies from packer to packer but all types of packaging are acceptable as long as the fruits can be stored and transported well. Boxes can have plastic layer with cells or can be packed in bulk.





During the time of the market visit (August 2011), basically the only type of packaging seen was the open carton box of 12 kg with Italian or Austrian apples. Market players mentioned that they also accept wooden boxes. Telescopic carton boxes are acceptable but not viewed as favorably due to the fact that the fruit cannot be seen. The open carton boxes have become the most popular as the fruit can easily be seen and evaluated limiting unpleasant surprises.

Pictures on right show 500kg containers with bulk apples, and local bulk pack offering both found in the market place.



Labeling is not viewed as very important for local production. For the imported apples, however, minimum labeling is required specifying the packer, origin, nature of product, sizing and classification as required. The label for retail contains the following information: name of distributor, name of packer, product name, origin, quality, weight and price (added by supermarket).

Palletizing of fruits is something that is generally preferred by all but not required if the value of the offering is good. In other words, if given the choice, all would want apples shipped on pallets, including corner posts, to protect the fruit but it is not a deal breaker if shipped floor loaded as long as the product arrives in good condition.

Trends

By far the most important factor for the Romanian market is the value of the apple as perceived by the customer, specifically, the price of the apples as compared to the quality in the box. The overall competitive environment at the retail and wholesale level is extremely price sensitive. There are a lot of specifications and preferences, and apples are no different than other commodities in the definition of what continues to be expressed as the “value equation.” If the “value” is perceived as good then there is great potential for apples from any country shipping into Romania. Varieties seem to be increasing in number but the customer places less importance to variety than to the value and cosmetic appeal and color of the fruit.

The demand for organic or “bio” apples practically doesn’t exist and there are only very small niches for these fruits. None of the market players met during the visit mentioned any interest in “Organic”

or “Bio” or any other designation commanding a higher price than normal for the size and quality of the fruit involved.

A very large percent of the market wants economical/cheap apples that eat “okay” where overall taste is not that important but the color is and value dictates the sale. There is also a much smaller percentage that will pay a premium for larger size fruit that is more cosmetically appealing, but this group still remains small.

Apples are a very price sensitive commodity in Romania and the only way for Moldova to enter the market is competing in the average price segment with high quality apples that compare to the offerings from Italy in the time period between November and January.

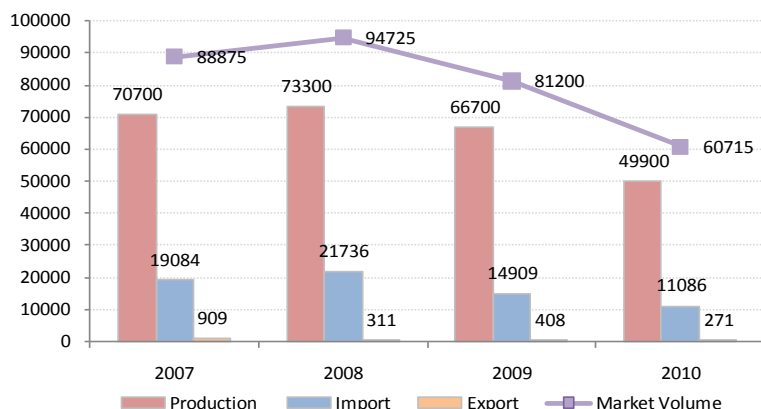
This can be best accomplished with 70mm fruit that has the right color and eye appeal and that eats well. The key to this happening is the minimum entry price that will need to be adhered to while being profitable.

3.2. TABLE GRAPES

3.2.1. Characteristics of the table grapes market

Market size

Figure 9. Market volume of table grapes, tons



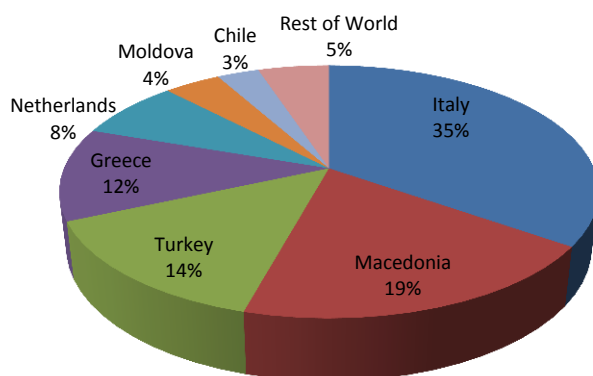
Source: EUROstat Data Base

Over the course of the last four years overall table grape consumption has decreased in volume by 28.1 thousand tons from 88.8 thousand tons in 2007 to 60.7 tons in 2010. As a consequence, the volume of table grapes imported into Romania has also decreased from 19.1 thousand tons to 11.1 thousand tons which represents a decrease of 41% from 2007 till 2010. This rather rapid decline in consumption, domestic production and imports can be partially attributed to the financial crisis and consumers altering their discretionary fruit consumption expenditures.

3.2.2. Competition and prices

Competition

Figure 10. Fresh table grapes imports in Romania in 2010 by volume



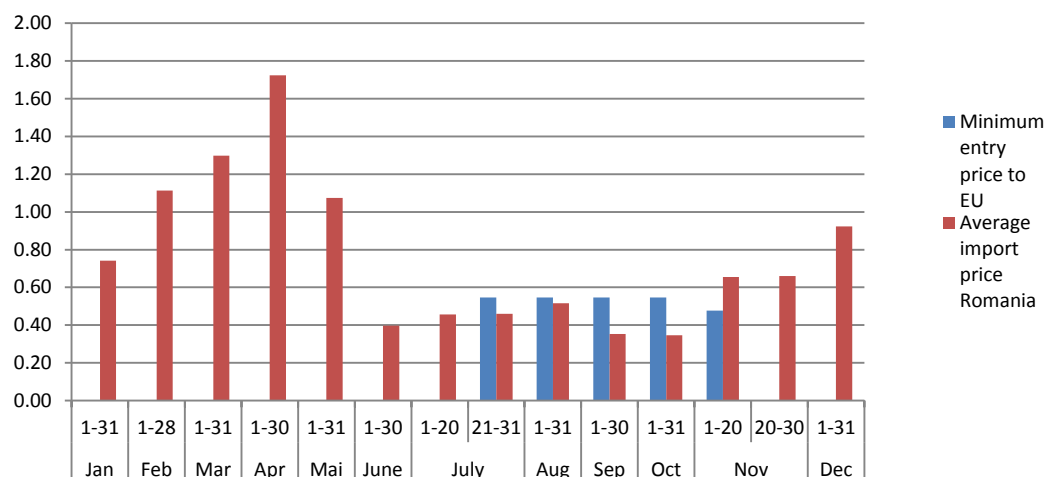
Source: Global Trade Atlas

The competition into Romania is indeed intense stemming from mainly the local producers and different exporting countries. The leading exporters into Romania are Italy, Macedonia, Turkey, Greece, Netherlands, Moldova and Chile. The real dominant exporting countries are Italy,

Macedonia, Turkey and Greece who make up over 80% of the volume that is imported into the country. Seasonality, varietal differences, and price points are all factors as to what is shipped into Romania a very price sensitive market. In addition the MEP affecting all countries outside of the EU shipping into Romania such as Moldova, Turkey and Macedonia is an important barrier that must be taken into account.

Price competitiveness of Moldovan table grapes in Romania

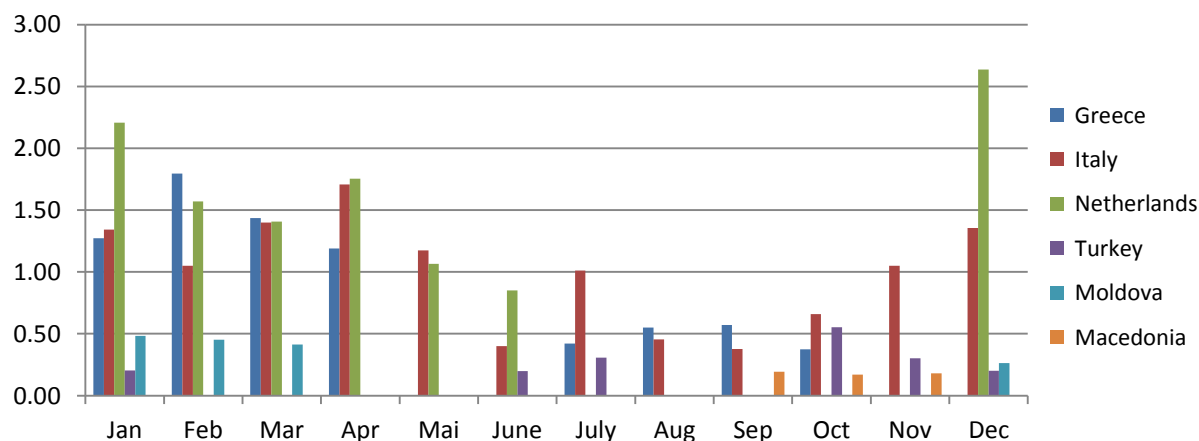
Figure 11. Monthly import price in 2010 and minimum entry price fluctuation for table grapes in Romania, euro/ kg



Source: Global Trade Atlas

The MEP for Moldovan fresh table grapes in the EU varies from 0.48 to 0.55 euro/ kg and it is applied in the period of 21 July through 20 November. The table above shows that the MEP is higher than average import price starting from July and ending in October when the local production appears in the market. As early as the first part of November when AIP is higher then MEP there is a chance to enter the market profitably as the local production is no longer found and market prices start to rise. Starting from November 20th the MEP disappears for Moldovan table grapes and there are no price barriers to enter the market.

Figure 12. Monthly import price fluctuation for table grapes in Romania by country in 2010, €/kg.



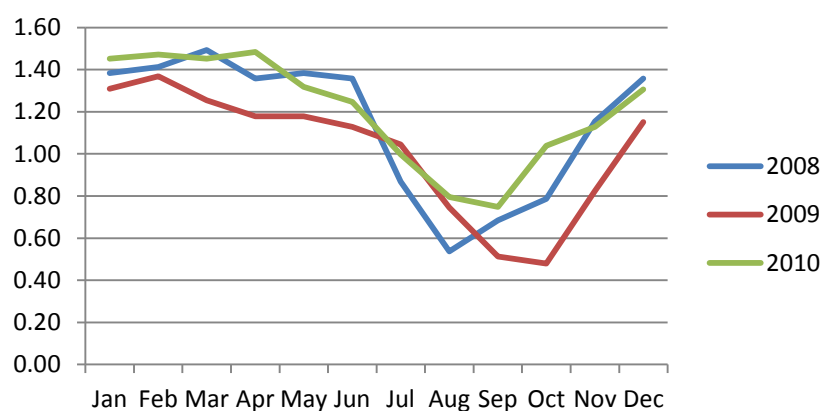
Source: Global Trade Atlas

Romania imports table grapes mainly from July to November with the peak volume being in October. In 2010 Moldova exported small quantities of table grapes to Romania in January-March and December periods when the imports were small and AIP was higher. The grape price differs a lot depending on the country of origin and the specific season. In the high season (September-October) the grapes from Macedonia were imported at €0.17-0.19/kg with volumes peaking in October. Although Macedonia ships good volumes these are below the MEP and they pay the duty (€0.096/kg) and have very inexpensive grapes in the market that end in November. Turkey ships very cheap grapes starting in October thru January and the average price (€0.22/kg) for these grapes is well below the MEP and they pay the same duty. Turkey again appears in the market in June/July period. Both of these countries take the position of going very low and moving good volumes well below the MEP when needed. Comparatively speaking Italian grapes ship at €0.38-0.66/kg during the same period and then take a big jump starting in November. Interesting to note that in December the main producing countries shipping into Romania by volume were Italy (54%) selling for €1.05-1.36/kg and Turkey (33%) selling for €0.20-0.30/kg clearly showing the price differential paid for certain varieties and quality of product. In March-May the main supplier was the Netherlands (re-exports predominantly from Southern Hemisphere) commanding the best price of €1.07-1.75/kg.

As a conclusion we can say that Moldovan dark seeded grapes can compete well with improved quality and command better prices. This improved quality will help shift perception and alleviate pricing pressure. These grapes should not be sold in the peak season October but in the late November/ December-March time frame. During the high season when AIP drops the Moldovan grapes are not found in the market because EU suppliers are able to fill the market with grapes priced below the MEP protection level. The other factor are those outside of the EU (Turkey and Macedonia) taking a very aggressive position and simply selling grapes extremely inexpensive. The potential export growth for Moldovan table grapes corresponds to the quality of the grapes and the ability to move to a higher price segment in the market. In expanding into the modern retail supermarkets, quality will be key to meet the stringent requirements of the retail community and have a presence where the growth of retail sales is taking place.

Wholesale prices

Figure 13. Wholesale prices for fresh table grapes, €/kg, including VAT



Source: Ministry of Agriculture and Rural Development of Romania

The figure above shows the clearly identified seasonal swings of the wholesale prices for table grapes in Romania. In the months of August, September and October are the lowest prices in the range of €0.50-0.80 /kg then the price sharply “jumps” reaching the €1.20-1.40/kg in December.

The highest prices for the year are clearly seen during the time frame from November to June. The biggest volumes are sold during the high season (late September thru mid November), which are the two months after the Romanian harvest has taken place.

The first Romanian grapes appear in June (Soslana Variety) are small white berries and initially they are sold at the price of imported berries. This changes quickly as often the bottom of the market “falls out” and prices drop as much as 60- 70% within 2-4 days with good volumes of like product flooding the market. These grapes are competing with the early summer varieties from Turkey such as the Kishmish variety that sell in the range of €1.15-1.65/kg.

The wholesale price for Greek and Italian grapes during the visit to the market (August 2011) were relatively low staying in the range of €0.70-0.95/kg and, due to lack of demand, vendors were literally stuck with fruit and could not sell at even reduced prices.

During the high season in October 2010, Moldovan grapes were priced at €0.65/kg and moved to €1.60 – 1.90/kg in December. The Italian and Greek grapes were priced 10% higher. The Chilean and Argentine grapes appear in the market in late January and are sold in small quantities for €2.30 – 2.80/kg. The window of opportunity for Moldovan grapes is the end of November through February and possibly into March as the local production from Romania does not sell past November and at this time there is no MEP. Pricing for Moldovan grapes do have upside potential if the packaging is good (slightly upgraded) and the grapes are large with full bunches with proper cold chain management. Wholesale prices can withstand upward movement to perhaps 2.10-2.20 Euro/kg during December almost reaching the pricing levels of Italian grapes and still below the price of the Chilean grapes.

3.2.3. Specific product requirements for table grapes

Sizing and grading

The Romanina market prefers grapes to be at least 20mm in diameter and in bunches of 600-800 grams. If the berries are smaller than this, as Moldovan grapes sometimes are, then premium prices will be sacrificed and the “economy segment” should then be targeted. In the winter months grape bunches need to be packed in individual plastic bags if targeted for the retail trade as the berries fall off and this is wasted product. Individual plastic bags should be preforated closed bags or non-preforated open bags to ensure that the grapes are receiving the proper ventilation.

The grading of the fruit is very simple and straight forward since only three grades used for table grapes based on the marketing standards approved by EU. The details of these standards can be found in Annex 2 of the report.

Color and varieties

White table grape varieties are generally preferred over the darker ones although dark berries are gaining popularity. Early in the summer the Romanian Soslana white variety and the Turkish Kishmish appear in the market first, followed by the Italian and Greek offerings such as white

Victoria and Red Cardinal. In the high season, starting in October, there are offerings from various countries including Moldova that continue in the market for the balance of the year. With the start of winter shipments from Chile and Argentina begin where one can find Red Seedless, Thompson Seedless and Crimson Seedless varieties.

There are regional differences in grape preferences: The Ardeal (NW) area prefers white grapes (70%) more than dark grapes (30%). In the South and East, black grapes are favored (60%) over white varieties (40%). In the southern part of Romania there is a strong preference for the Muscat Hamburg variety, which is a dark purple seeded grape.

It is important to note that Moldova variety is considered a quality grape and the overall value of these grapes are perceived to be very good in the market place. The white grape market is dominated by the Italian and Turkish offerings and the Moldovan white grapes have very little potential. Generally consumers are accustomed to eating seeded grapes due to the local production but different seedless varieties are well accepted.

Another important factor is the heartiness of the grape and the ability to hold up in storage at the depot upon arrival. This depends on the grape variety and the quality of cold chain management. The Moldova variety due to its tough skin should hold up very well with proper handling and maintaining the cold chain throughout. This will also ensure that the stem is greener which is important as stated for supermarkets during the winter months. During the market visit some distributors mentioned that Italian grapes can be stored in the depot for 10 days while the Moldovan ones only last 1-3 days and this would indicate improper cold chain management.

Packaging and labeling

Packaging must be sufficient to hold up in transit but nothing fancy enough to drive up costs. Fruit must be able to hold up once in the market for a reasonable amount of time (7-10 days) and not break down after 2-3 days as mentioned by some.

During the high season grapes are usually packed in 8-10 or 10-12 kg boxes made of plastic, wood or carton.



Plastic is mainly used by Turkish and Greek exporters and wood by Italian and Moldovan producers. Carton boxes are also used by some Italian and Greek producers. Sometimes they are separated/divided by a sponge like foam material within the box in order to protect the bunches from rubbing together or against the sides of the box.

One person interviewed mentioned that Moldovan producers put too many grapes in the box which causes internal rubbing and hinders slightly proper air circulation.



When using plastic or wooden packaging, producers place paper or plastic cushioning on the bottom and/or sides of the boxes.

Some shippers, mostly from Greece, will also use a ribbon tie to keep the grapes in the box but mostly to enhance the appearance of the box.

During the winter months, when the volume of grapes sold are less, a smaller 4-4.5kg wooden box is preferred to better protect the fruit and merchandise easier. In the winter time packing of the bunches in individual bags is important since, once stored, the berries may fall off the bunch resulting in a loss. The supermarkets place a lot of importance on this. Also individual bunch packing prevents consumers from eating grapes in supermarkets, which damages the grapes overall appearance besides reducing the weight of the bunch. Sometimes supermarkets re-pack grapes themselves in 0.5, 1.0 and 2.0 kg perforated plastic bags that can be displayed easily.

In the winter time grapes can also be shipped in closed carton boxes with one large plasticfilm bag inside to prevent contact with the cold air. This packaging is used by exporters from Chile and Argentina.



Palletizing from source is very important for supermarkets with preference for the use of corner posts although this depends on price. Sometimes it is more convenient for distributors to palletize fruits on their premises for fruit that is being shipped to supermarkets.

Labeling was not mentioned as an important issue. There are legal requirements towards labeling although this is rarely controlled by authorities and distributors do not place much emphasis on this requirement.

Trends

Romanians mostly consume white seeded berries due to abundance of local production although dark berries are widely accepted. There is little emphasis on variety and great importance on price and eye appeal with sizing of the bunches and grapes always considered. The suppliers from different

countries continue to try to differentiate themselves with new varieties and better packaging always facing price sensitivity in the market.

With price points being so competitive and such significance on “value” a good size clean grape/bunch that is priced right will sell even if it does not taste that good. Pertaining to Bio/organic grapes this was not mentioned by any traders in the market. These are the most important grape characteristics and it seems that this will not change anytime soon.

The window for Moldovan grapes is clearly in late November through the end of February. This is when the local production in Romania no longer appears in the market and is the best time period to introduce Moldovan grapes. The competition among white grapes is high and Romanian distributors expect dark varieties, namely Moldova, to come from Moldova. This variety with proper cold chain management will hold up well and has a good following in the market place. The white grapes from Moldova do not have the same customer following and are viewed as small fruit with low brix (sugar content) and not a good value.

3.3. PEACHES

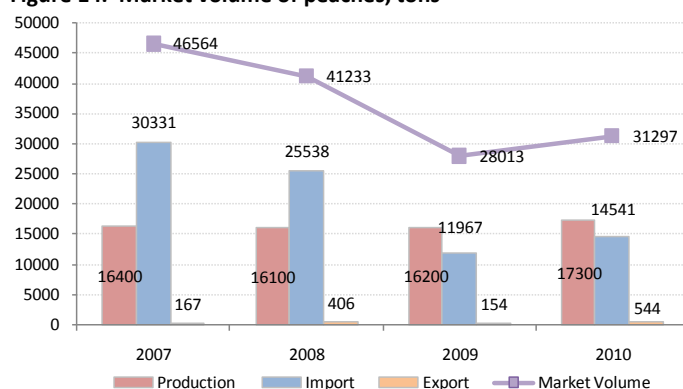
3.3.1. Characteristics of the peach market

Market size

A brief market overview of the last four years shows that between 2007 and 2010, the overall market volume of fresh peaches decreased by 32%, from 46.5 to 31.2 thousand tons. The lowest numbers were realized in 2009 with 28 thousand tons whilst the highest numbers were in 2007 with 46 thousand tons.

During the same period significant changes were noted in terms of overall volume of imports which were down by 52%. Important to note is that in 2010 the volume of imported peaches increased by 2.6 thousand tons as compared to the 2009 finishing at 14.5 thousand tons. With the local production volumes flat with the exception of a slight increase in 2010 (6.7%) the imports are experiencing all the change. Although imports in 2010 increased by 20% from 2009 lows there does not seem to be a sustained increase in imports for 2011.

Figure 14. Market volume of peaches, tons



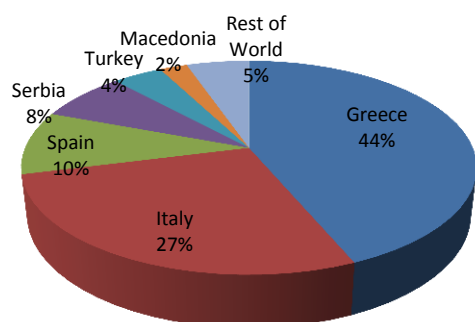
Source: EUROstat Data Base

In conjunction with Romanian production of peaches no obvious changes were reflected over the last four years as volume stayed basically constant. In 2010 however, the volume of production reached the highest point of 17.3 thousand tons which was an increase of 6.8% from 2009.

3.3.2. Competition and prices

Competition

Figure 15. Peaches imports in Romania in 2010 by volume

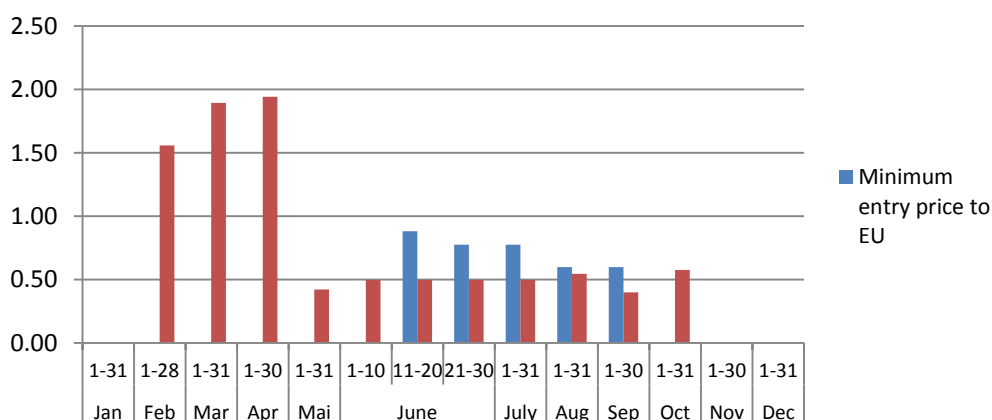


Source: Global Trade Atlas

The competition for peaches in the Romanian market is extremely high taking into consideration the local production and the very aggressive imports from several countries. The leading peach exporting countries into Romania are Greece, Italy, Spain, Serbia and Turkey in descending order. The volume of peaches exported from these countries total 92% of all the fruit and Greece last year alone accounted for 44% of all the peaches imported into the Romanian market.

Price competitiveness of Moldovan peaches in Romania

Figure 16. Monthly import price in 2010 and MEP fluctuation for fresh peaches and nectarines in Romania, €/kg.

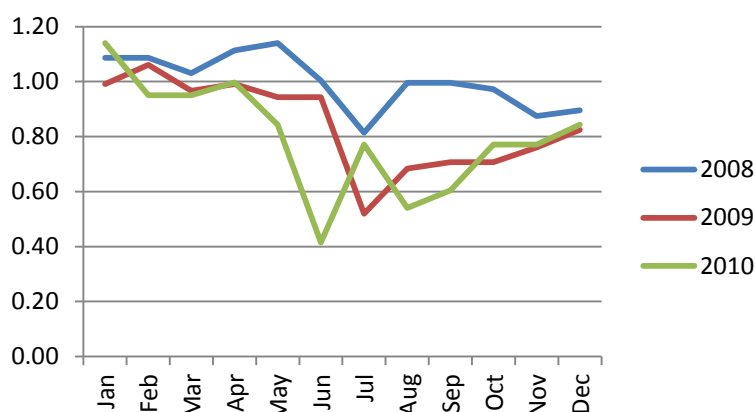


Source: Global Trade Atlas

The MEP for Moldovan fresh peaches in the EU varies from €0.60 to €0.78/kg. and it is applied in the period of 11th of June through the end of September. Local production starts from the middle of June and runs through early September. Romania imports peaches from May to October and the majority of shipments arrive during the three months in summer. The Moldovan production of peaches lasts from middle of July till late August. There is a theoretical “window of opportunity” for Moldovan higher priced peaches in August when AIP is close to MEP but this is a huge barrier and export very improbable. The Moldovan peaches, supplied with the price of €0.60 /kg will compete in August with peaches from Greece (€0.32 /kg in 2010), Italy (€0.61 /kg) and Spain (€0.80 /kg). The quality of the products, however, must be at least comparative to the Italian ones.

Wholesale prices

Figure 17. Wholesale prices for fresh peaches, euro/kg, incl. VAT



Source: Ministry of Agriculture and Rural Development of Romania

The Figure above shows that there is indeed seasonality in the peach wholesale price index. During the high season, consisting of the three summer months, the price fluctuates from €0.45 to 0.75 /kg.

There is a distinct preference in the market for the local fruit. Upon visitation of the market in August 2011 the pricing for local fruit varied considerably depending on size. Small local fruit was sold for €0.45, average size local fruit sold for €0.60/kg and large pristine local fruit sold for €0.70/kg. There was a definite over-abundance of fruit. Lower quality of fruit from Italy was sold for a mere €0.10-0.15/kg F.O.B. with this smaller fruit then being sold to wholesalers at €0.25-0.30 /kg, which translated to 1-1.2 RON or \$.33-\$.40/kg, which is extremely low pricing.

Also mentioned was that very large (80-90mm) pristine fruit from Spain was sold for €0.40 +transport +VAT which is a low price indicator. Italian peaches with red flesh were sold at a wholesale price of €0.60-0.65 /kg and Greek peaches slightly lower at €0.55–0.60/kg. Turkish peaches are priced the same as the Greek peaches, due to import duties, but the quality is distinctly lower.

Comparatively the supermarket pricing was generally 0.70 Euro/kg as was found at Selgros (Cash & Carry chain) for average size peaches.

3.3.3. Specific product requirements for peaches

Sizing and grading

Generally the peach sizing is big (60-70mm, 70-80 mm) except for the early peaches which are smaller (40-50 mm) The overall best sizing for peaches is 70-80 mm diameter. There is also larger imported fruit 80mm+ that is sold at a premium price to a distinctly smaller market.

Romanian producers usually don't size their peaches and therefore the majority of them are sold via open market while imported fruits appear most frequently in the modern retail formats.

The grading of the fruit is based on the Marketing standards for fresh peaches approved by EU. These standards can be found in the Annex 2 of the report.

Color and varieties

Most popular among the many imported varieties is Red Haven. The other varieties found in the market include Splendid, Springcrest, Cardinal and Shoothand.

During the peach season which generally runs from Mid-June to late August sometimes pushing into early September the preference is to have good red color on the peaches of at least 50%. White peaches are mainly sold to make compotes. There is no premium at all paid for red flesh or white flesh peaches in the market. Some supermarkets (ie: Kaufland) carry about one-half local product and the balance of the peaches are generally from Greece and Turkey. This is done as to provide the consumer a choice of products and at the same time showing support for local Romanian product which is important.

Post-harvest handling

It is important to note that local (Romanian) peaches are generally cooled down to only 10-12 C and not the optimal 2-3 C at the pit since they remain in the market for only 4-5 days before being sold. Peaches that are properly cooled can stay in the depots for as long as two weeks which makes a huge difference as product holds up better, is firmer and allows more flexibility to sell the fruit when prices are higher with less sense of urgency to move the fruit quickly. Much of Romanian fruit is not sized which reduces post harvest costs and helps this fruit which is moved quickly to be sold inexpensively if need be. This bulk pack offering has a lot of market flexibility and can be moved at a low price well recognizing the non-uniformity of size but priced right which is critical.

Packaging

The most common packaging is a wooden box of 30x50cm two layers (8 kg) and 30x40cm one layer (5 kg). Plastic boxes are also used mainly by Greek and Turkish suppliers. Italian peaches are packed in 30x50x25 cm (10kg) bulk packs.



Some market players mentioned they would prefer peaches packed in one layer with a plastic support with cells but most of product seen on the market was just bulk packed. Specific labeling wasn't mentioned as being an important factor at as long as the legal requirements such as product identification, packer, weight, class, and country of origin were denoted. This was not really mentioned as being important in the open air and wholesale markets however was important for supermarkets.

Trends

There are no real identifiable trends pertaining to the peach business as this is nothing more than a pricing war amongst 4-5 importing countries that are competing with local production. There is basically very cheap pricing for a three month “window” from mid June through August. The consumer preference is for an appealing 70 mm fruit that is priced low and that presents value. Red fruits are more in demand. The most important thing is the value and eye appeal of the fruit. As is often the case with other price sensitive items the taste profile is really not a factor as long as the fruit is appealing and offers good value.

Opportunities to export Moldovan peaches into Romania appear to be extremely limited due to the very inexpensive import offerings in the market along with the abundance of local production at the same time Moldovan fruit is available. The competitive environment is very intense taking into consideration the huge local production and the key importers such as Greece, Italy, Spain, Serbia and Turkey. Application of Minimum Entry Prices for Moldovan peaches at the border makes them uncompetitive in the middle and high price segment. If quality was sacrificed for small unattractive fruit with the idea of selling cheap in the market below the MEP the application of the import duties would negate the ability for this fruit to compete with the local fruit in the low price market segment.

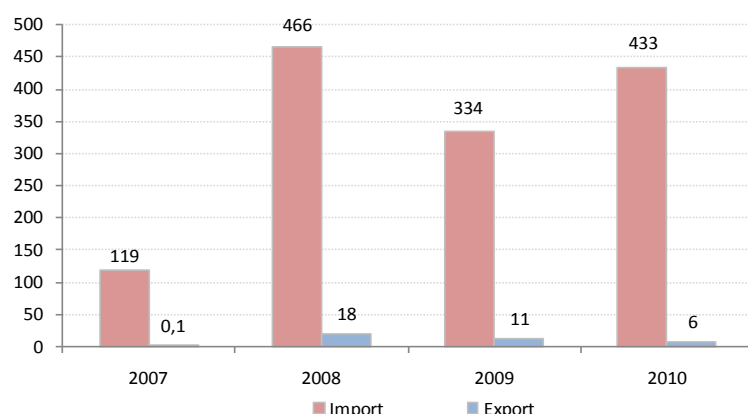
3.4. DRIED PLUMS

3.4.1. Characteristics of the dried plums market

Market size

The definition of dried plums in the analysis of the external trade statistics in this report assumes pitted fruits as more than 95% of the exported dried plums are without pits. The import of dried whole plums during 2010 recorded a volume of 433 tons, which is up by 29.6% compared to 2009. Total value of product imported in 2010 was 586 thousand Euro. Total Romanian exports of dried plums accounted for only 20 thousand Euro.

Figure 18. Market volume of dried plums, tons



Source: EUROstat Data Base

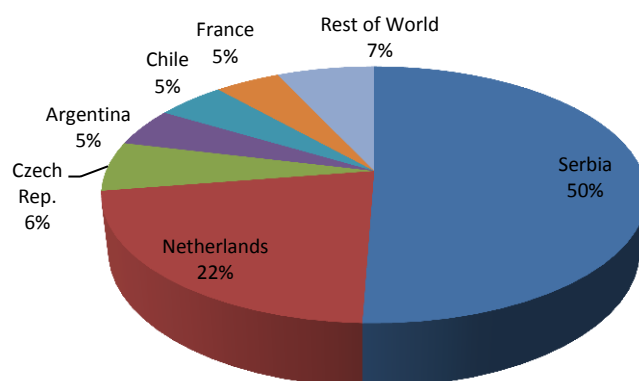
There is no officially registered production of dried plums in Romania because industrial production of this fruit basically doesn't exist. Despite the fact that Romania is the 6th world largest producer of

fresh plums, there is no consumption pattern for dried plums. The low level of consumption that does take place is concentrated in the month before the holidays of Christmas and Easter. The imported fruits are utilized mainly for industrial needs, like bakeries.

3.4.2. Competition and prices

Competition

Figure 19. Dried plums imports in Romania in 2010 by volume

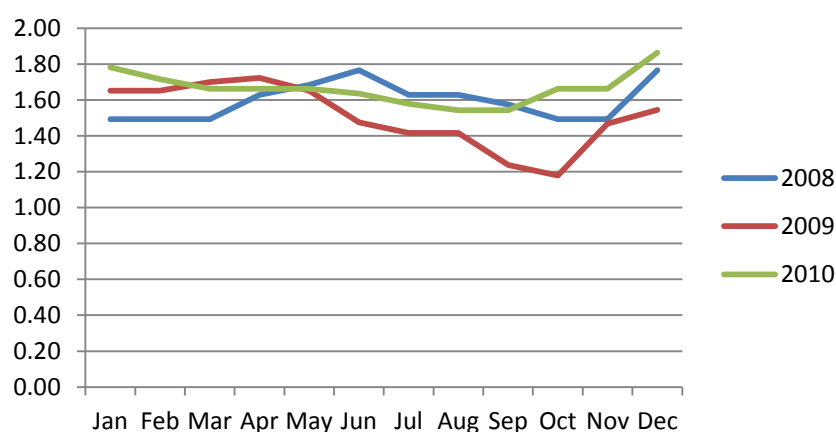


Source: Global Trade Atlas

The main supplier of dried plums to Romania in 2010 was Serbia that was “unloading” product in the market with the extremely low average price of €0.47 /kg. The second biggest supplier (95 tons) were the Netherlands (re-export from predominantly Chile) with the average price of €2.93 /kg. There is no minimum entry price for dried plums from Moldova for the EU market however at the moment Moldovan dried plums are not supplied to Romania.

Wholesale prices and seasonality

Figure 20. Wholesale prices for dried plums, €/kg, including VAT



Source: Ministry of Agriculture and Rural Development of Romania

Dried plums are seasonal fruit in terms of consumption and less so in terms of price. The period of relatively higher consumption of dried plums is from mid-November till Christmas and a month

before Easter. As we see from the figure above the wholesale price is relatively stable with small fluctuations excluding pre-Christmas when the price move is pronounced. Generally in the winter months the price of dried whole plums is 10-12% higher than in the summer months when there is little or no demand.

During the market visitation in August 2011 dried pitted plums were being sold at open retail markets for €2.80 /kg but could only be found in few places indicating the lack of demand in the summer months. The wholesale price was around €2.0 /kg. In another, smaller, market there were no dried whole plums found and when asked about this commodity we were told that they were “in the back” due to no requests. The price was €1.85 /kg but no volume was being moved.

Distribution specifics

Due to a very small market size full truck shipments of dried plums are considered big and are infrequent. One of the wholesalers from the Bucharest wholesale market, the biggest one dealing with dried fruits in that market, claimed that during the high season (before Christmas and Easter) he sells 5-7 tons of dried plums per week. In the low season he sells 10% of this volume. This wholesaler mentioned that he also buys dried plums from a small Moldovan trader who periodically brings one ton of product to his depot.

3.4.3. Specific product requirements for dried plums

Customer preferences and packaging

The Romanian open market prefers dried plums, both pitted and unpitted, with moisture content of 30-35%. The standard packaging is 10 kg carton box with the product wrapped in plastic bag. At retail one can find various packs with pits and pitted in consumer friendly offerings of 0.5 kg, 1kg and 2kg packs. Supermarkets sometimes buy pre-packaged offerings with specific brand names or commit to packers who private label their own product.



Regarding regional preferences we can mention that dried plums are more consumed in Ardeal area (North West Romania) often being prepared at home (smoked plums) by the residents there.

Trends

For the Romanian market, dried plum is not really something that is consumed in large quantities. Most consumers prefer fruit that is fresh and in season. Dried plums are only consumed in slightly

larger quantities during the select periods of pre-Christmas and Easter. Import volumes last year totaled only 433 tons.

Taking into account small imports shipped at very low prices and no tradition of consumption one could conclude that there is little potential to export to Romania through traditional markets that would be profitable.

4. DISTRIBUTION CHANNELS

4.1. MARKET STRUCTURE

Modern retail

The Romanian modern retail sector continues to grow at minimum of 10% per year due to the influx of different retail formats into the country. Within the modern retail sector consumption is indeed on the rise and extremely competitive, gradually taking market share away from the open air retail markets. According to Eurostat, Romania was 4th overall in total retail sales growth among the 27 EU members. As expected, the rate of growth of modern retail formats in Bucharest is much higher than the rest of the country. The total turnover within the modern retail sector in Romania reached €55 billion in 2008 and the number of stores comprising the main retail formats totaled 532 according to Piata Magazine. The largest retail group in Romania is REWE. It is present in Romania with different retail formats and under several names such as Selgros, Billa, XXL and Penny Market. The principal formats and modern retail players within each format are presented below:

Hypermarkets – According to the audit results of AC Nielsen in 2009, the collective market share of hypermarkets for all products sold within the country was 53%. The main retail entities within this format are Carrefour, Auchan, Cora and Real.

Supermarkets account for 19% of the overall market. The main supermarket chains are Kaufland, Mega Image, Billa, and Penny Market.

Discounters account for 16% of the market. The market leaders here are PLUS Discount, Lidl and XXL.

Cash & Carry outlets account for 5% of the market. Metro and Selgros are the main chains within this format.

The rest of the market share belongs to traditional retail (6%), open markets (1%) and kiosks (less than 1%). The share of these traditional retail formats as mentioned continue to decline.

The fastest growing format within the modern retail sector are the hypermarkets, followed by the discounters. With the traditional retail market share already being very low (6%) the different modern supermarket formats are fiercely competing among themselves. With the reduced purchasing power resulting from the current financial crisis and increased unemployment, consumers generally are becoming more and more price sensitive. The hypermarkets and discounters, with their lower prices, are gaining market share from the supermarkets. Hypermarkets are expanding faster in the bigger cities while discounters are mostly expanding in smaller towns.

Pertaining to the consumption of fresh fruits and vegetables, it is very important to note that the traditional open air markets still have a strong consumer following in addition to the modern retail formats but the retailers are gaining market share steadily every year.

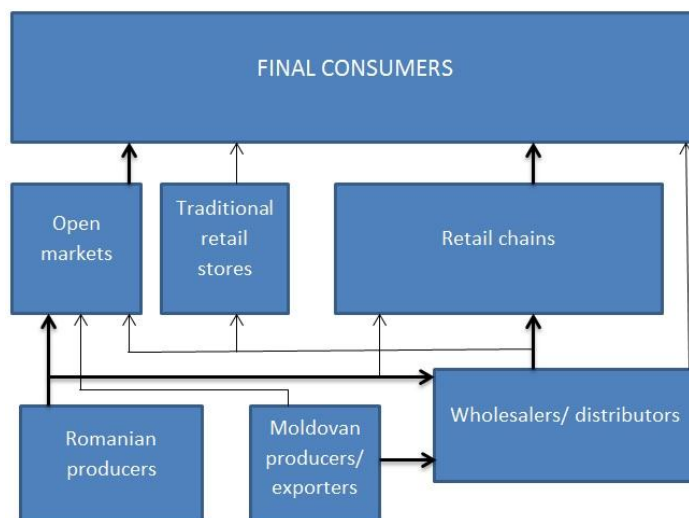
Traditional open markets

Traditional open markets are still popular in rural area where the retail chains' penetration is lowest. Their importance regarding overall sales of fresh produce is still high accounting for 50%. Although still very vibrant in the rural areas, their market share is slowly declining. It's worth mentioning that traditional open markets are the primary, and in most cases the only, commercial channel for local Romanian fresh produce coming from smaller and medium size producers.

4.2. DISTRIBUTION CHANNEL STRUCTURE

The main channels for supplying Romanian consumers with fresh fruits and vegetables are traditional open markets and retail chains, with the open markets in slow decline. The general schematic of the distribution channel is presented below:

Figure 21. Fresh fruits distribution channels in Romania



Open markets are the main distribution channel for small and medium-sized Romanian producers, while the bigger producers are more likely to work through wholesalers/distributors and sometimes directly with the retail chains. For Moldovan exporters, the main channel is through wholesalers, although some smaller volumes are traded in the open markets. This is generally done in the cities situated along Moldovan border such as Iasi and Galati.

The main clients of wholesalers are retail chains. Wholesalers either distribute directly to retail chains' or to logistical distribution hubs for quick retail delivery. In addition some small traders from open markets as well as traditional retail stores may come to wholesale markets and make small purchases. Often times Moldovan fruits do not meet the supermarkets minimum quality requirements and this channel (open market and traditional retail) are the only way to reach the final consumer.

The biggest commercial wholesale complex for fresh fruits and vegetables is Su Market situated near Bucharest. The complex has been designed and built to meet EU standards. Total land area is 75,000 square meters. The "platform walk" and storage area measures 30,000 sq. meters with the remaining land divided between green spaces and parking places. Over 300 trucks per day supply the 125 trade stands that are visited daily by over 1200 customers mainly representing retailers filling "shorts" (product needed immediately) as well as Horeca. The commercial stalls are operated

by companies owned by Romanian citizens or working in association with Turkish, Azerbaijani, Greek, Spanish, Italian, Syrian, Dutch, Chinese, Iraqi, Polish exporters. The produce is arriving from countries all around the world. Prices found in this wholesale market are the lowest in the country and can be utilized as an informative price reference for all of Romania.

Another market, called Bucharest Wholesale Market (BWM), was founded in 1993 with the support of EBRD and German Government. The concept of this market was to allow producers and small traders to interact directly with buyers from small traditional retail shops as well as those who wanted to make larger wholesale buys for personal use. This market isn't successful now as the market share of traditional retail shops is in the decline and final consumers prefer to buy larger wholesale buys (full boxes) from hypermarkets and discounters. Initially BWM was built only for fruits and vegetables and its capacity was fully utilized. Presently the market assortment includes other food items as well as various drink products and is less than 30% occupied.

Besides these two markets, there is also an important market, Pucheni in Bucharest which is mostly used for cheap and lower quality Romanian fruits and vegetables, both for the wholesale trade and end consumer.

Another distribution channel involves provisions to all public institutions (schools, hospitals, etc.). Specific tenders for public schools take place only once per year in the Autumn for contracts running through the Spring. This price is established in the initial contract and the school can order up to 10% more than is stipulated in the tender at the contracted price.

4.3. PRICE FORMATION

Fresh produce is subject to high price fluctuations. Usually wholesale prices for fresh fruits in Romania change once every 2-3 days. Any description of pertinent price formation would be relevant only for that select moment in time.

It's also important to know that Romania itself is a very big fruit producer. Prices are greatly influenced by local offerings especially in the high season. It often happens that small local producers not having any bargaining power, or up-to date market price information, or not properly estimating their real costs, offer very low prices to intermediaries/wholesalers. This being the case many times the bigger producers need to adjust their prices to the smaller producers that have artificially set a low price due to inefficiencies. In these conditions wholesalers can often have very high margins, reaching up to 100% when normal wholesale margins are 20 – 30%. These normal wholesale margins already include the high marketing cost of working with retail chains that can reach 15-20%. In essence the real profitability for the wholesaler would approximate 5-15%.

An example of price formation for Moldovan table grapes is provided below. This can be an instrument for producers to better negotiate export price by knowing what wholesale/retail price is now on the market.

Table 1. Example of price formation for Moldovan table grapes in December

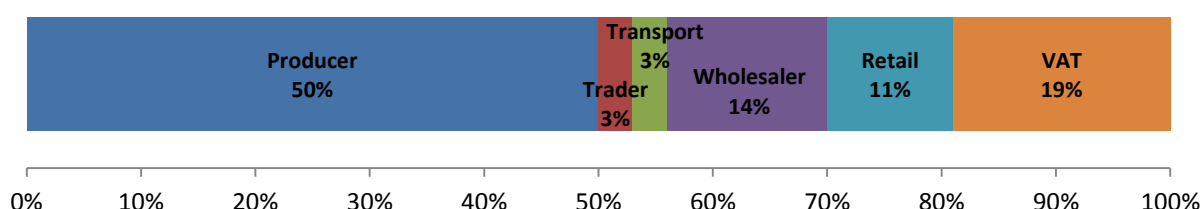
	Producer	Trader	Transport	Wholesaler	Retail	VAT 24%

Price breakdown, €/kg.	1.00	0.06	0.07	0.28	0.21	0.38
Price ladder, €/kg	1.00	1.06	1.13	1.41	1.62	2.00

As we see from the table above, producers sell grapes to traders for €1.00/kg. Traders add markup of €0.06/kg. In the case of Romania more Moldovan producers deal directly with Romanian wholesalers so this component of the chain can often be skipped.

The transportation cost is equal to €0.07/kg (€1,300 euro per 20 tons truck). Wholesaler's gross markup is around 25% or €0.28/kg in this particular case. An independent store usually adds a markup of 30% for fresh fruits. The retail formats, especially hypermarkets and discounters are much more competitive on price and usually do not apply mark-ups more than 15-20%. This is partially explained by the fact that they compensate relatively low margins by high marketing costs imposed to suppliers and by moving greater volumes.

Figure 22. Example of price breakdown for Moldovan table grapes in December



The chart above shows that, in order to set a correct competitive price, a Moldovan producer should quote for his/her table grapes roughly half of the final price of the hypermarket/ discounter. This can only be used as a theoretical model as there are various situations which would not be congruent with these percentages such as when the market is bad and pricing low and producer having a smaller percentage of final price.

For other fruits this price ladder is similar but not exactly the same. The higher the risk (perishability) of the product, the bigger the intermediaries mark-up which is built into the price. In addition, for those fruits that have a minimum entry price (MEP) the customs duties applied must be part of the cost structure.

4.4. GENERAL SUPPLIER REQUIREMENTS

Distributors/ wholesalers

Retail chains prefer to buy fruits from Romanian distributors rather than working directly with imported products. Direct imports do occur, but this is more of an exception than a general practice. With this being the case Moldovan exporters have to establish relationships with distributors that supply to retail chains in order to effectively compete in this expanding segment.

Wholesalers/distributors are open to collaboration with Moldovan suppliers if they deliver produce within the limits of acceptable quality at competitive price. For the first shipments from Moldova, wholesalers are ready to pay immediately after delivery and then establish a credit for at least one

truck load. The average terms of payment are 2-4 weeks after delivery, which corresponds to the terms that supermarkets usually pay for their produce. One of wholesalers mentioned that for dried plums, due to the low consumption, the period of payment would be 50 days after delivery.

Each supermarket chain has several suppliers of specific fruits. Distributors listed as pre-qualified suppliers participate in tenders for supermarkets when they are sure that will have a steady supply of product for at least one month. Moldovan producers should seek longer term relationships with distributors as to be part of this process and be properly represented to the retailers. This will enable Moldovan producers to have a sustained market presence rather than one time deals, which is not effective within the retail set up. Distributors usually work with producers based on one weeks program of shipments that is communicated once per week with the understanding that fruit is available for a longer period of time for future commercial activity.

Some smaller and medium size wholesalers would prefer mixed shipments such as apples with grapes on the same truck but most of them claimed that full load quantities of a single product is acceptable.

Some wholesalers work also as agents, selling fruits “on paper” meaning the shipments do not physically pass through their depots on the way to the destination (supermarket) after customs clearing procedures. Wholesaler’s commission in this case can be as low as 200 Euro/ truck, practically eliminating the wholesaler’s mark-up from the price ladder, which provides more price flexibility to the supplier. In order to establish these type of relationships suppliers must prove their credibility by consistently delivering quality produce on a timely basis.

When the wholesaler is working on a commission basis, there are times when the long term agreement does not reflect the market price. If market price decreases, perishable products must be sold at this reduced price. The wholesaler/distributor must sell below the cost of import and then the difference is paid by the exporter.

Retail chains

Quality requirements: For Moldovan produce to compete effectively within the supermarkets it is imperative that it corresponds to all the minimum requirements for the retail sector as these are indeed more stringent than the open air markets. This refers to the quality of the fruit, overall packaging and presentation, and certification conformity which can differ from traditional open markets. As denoted earlier the packaging for the open air markets needs only to protect the fruit but for retail there are other certain requirements ie: grapes, where individual perforated bags, plastic or paper cushioning, all are used to maintain the products eye appeal in this higher end segment of the business.

Retail quality control upon arrival of all fruits is rigorous. An example mentioned by one distributor: the retail produce receiver can shake a bunch of grapes and if the berries fall off the stem the produce is rejected. The average chains’ tolerance on quality is about 7% and if this percentage is greater the entire shipment is rejected. This would not be the case if product was shipped to the open air market as this product would find an established market price and be sold.

There is slight increased awareness as to comply with food safety and quality requirements in the Romanian food market as consumers are slowly becoming more aware and concerned about food

safety and quality of products. Global Gap, HACCP and ISO certification is not really demanded by retailers and does not bring a price premium. All things being equal the retail sector still prefers those suppliers who are certified. This is very slow to change in Romania and although part of the E.U. still not a major factor if the price, quality, and presentation of fruit is good.

Working patterns: In order to deliver produce to retail chains a distributor should be pre-qualified as a supplier to that chain. Retail chains announce tenders and preference is given to the pre-qualified companies, though participation in the tender is open to all. Pre-qualified suppliers often have general supply contracts with supermarkets not specifying any volumes because the real volumes depend on the competitiveness of supplier's offerings. If a supplier cannot deliver the fruits that were already ordered by the supermarket a one day prior notification is needed.

It is not easy to become a pre-qualified supply company and it often involves personal relationships and unofficial "stimulation" of key supermarket personnel. Supermarkets' top managers often own or are otherwise affiliated with supply companies and prefer to purchase produce via them. In this case those affiliated companies are often called directly by supermarket and asked for specific product, quantity, price and time of delivery.

For products that are sold in big quantities like apples, retail chains can go directly to the source country and establish long term relations/deals negotiating significant volumes to be delivered over a sustained period of time. This implies building a highly trusted relationship between producer and buyer and can be considered as an exception rather than normal business practice.

Retail chains prefer to order mixed shipments of fresh fruits from distributors. This might be 50% of apples, 40% of peaches, 10% of plums or other combinations. We can use "Real" hypermarket as example. They order around 10-12 tons of apples for 3-4 days and balance the load with other fruit items needed to fill the truck. This is one of the obstacles that face Moldovan exporters wanting to work directly with retail chains

Marketing costs: The cost of working with retail chains is generally 15-20% of the turnover taking into consideration all factors to get product positioned at retail. These costs of selling to supermarkets, including bonuses, premiums etc. that can sometimes be as high as 21% (Carrefour). Romanian producers usually add to the desired price the cost of transportation, 21% and VAT and arrive at the price that is stipulated in the contract. Distributors dealing with imported fruits have to include these costs in their price and then add their respective margins. These numbers are not exact but are provided as to denote the complexity and the significance of these costs in the final consumer price.

Period of payment: The retail part of the business is different as the payment terms differ from one retailer to another. Generally speaking, the payment terms for retailers are 20 days after delivery on average. Specific retailers pay in different time frames with the most extended being Carrefour who pays in 31 days. As a comparison, Cora is reported to pay in 18 days and Metro in 14 days.

5. LEGAL REQUIREMENTS OF IMPORT AND TRADE

5.1. IMPORT REGULATIONS

The procedures for exporting fruit to the Romanian market follows the same pattern as for other EU member countries.

Standardization of fruits

In order for producers from other countries to be able to export fruits to Romania, their products have to follow strictly the norms established within the European Union. These rules are outlined in the marketing standards of the fruit and vegetable sector specifically developed for each product. These standards cover the following aspects: minimum quality requirements, fruit development, classification, calibration, presentation, labeling and specific tolerances of harmful substances.

The marketing standards in the fruit and vegetable sector are as follows:

- Table grapes - Commission Regulation (EC) No. 1221/2008;
- Apples - Commission Regulation (EC) No. 1221/2008;
- Peaches – Commission Regulation (EC) No. 1221/2008;
- Dried whole walnuts – UNECE Standard-2003 Edition 2003;

The specific Marketing Standards are presented in the Annex 2 of this report.

Certification of fruits

In order to import fruits into the European Union foreign producers have to possess the following certificates:

- Goods circulation certificate EUR.1 (Certificate of origin) – issued by the Customs Service of the Republic of Moldova according to the Regulation on completing, authenticating and issuing certificates of origins for goods exported from the Republic of Moldova under preferential trade agreements with the European Union (ATP) and by the countries which grant the Republic of Moldova Generalized System of Preferences (GSP). This paper represents a valid document officially confirming the country of origin for the exported goods. In case the fruits exported do not fall under the ATP they need to be documented with Non-preferential certificate of origin. This document is issued by the Chamber of Commerce and Industry of the Republic of Moldova;
- Certificate of conformity for exported goods - this document is intended to confirm products compliance with the conditions set by certain standards (eg. GOST or SM). Producer can obtain the Conformity Certificate from one of the certified bodies. It is the only document that confirms the correlation of the product meeting the EU marketing standards, which were adopted by the local legislation (regulation #1221) and will enter in force in November 2011.
- Phytosanitary certificate - this document is issued by the Regional State Inspectorate for Plant Protection

- Hygienic certificate - The hygienic certificate is issued by the Moldovan Ministry of Health based on products being tested by certified laboratories. It quantifies the permitted level of pesticide residuals on the product. The level of residuals adopted by the Moldovan authorities corresponds to those of the EU.
- CMR - transportation document confirming the existence of a contract between the transportation company and expeditor regarding road shipment services.

Besides the certificates mentioned above each shipment must be accompanied also by an appropriate invoice, an export-import contract and a Customs Declaration in order to perform customs procedures.

Customs duties

On January 21, 2008, Republic of Moldova concluded a new agreement under which autonomous trade preferences are provided according to the Regulation nr. 55/2008 of the Council of Europe. According to the agreement all of the studied fruits (fresh apples, table grapes, peaches and dried plums) are exempt from the ad valorem component of import duties. Important to note is that the customs duty remains intact (anti-dumping mechanism) which is applied to all fruits and vegetables from non EU countries if the import price is below the certain minimum entry prices (MEP) for that time period. The minimum entry prices and specific components of customs duties are presented in the Annex 1 of this report.

5.2. INDUSTRY CERTIFICATION

Prevailing business practices in Romania require producers and traders of fresh fruits to be certified according to several international standards. The main certificates are described below:

- a) GLOBAL GAP - a voluntary standard developed by major European food marketing companies and designed to reassure consumers about how food is produced on the farm. This is intended to minimize detrimental environmental and social impacts of farming operations, reduce the use of chemical inputs and insure a responsible approach to worker health and safety as well as animal welfare. To have Global Gap is not demanded by supermarkets and doesn't bring a price premium, however, if the price is the same a supermarket would prefer using the certified supplier.
- b) HACCP - which is a food safety management system based on the principles of hazard analysis and critical control points. Standard food safety HACCP principles are imposed by legislation on all participants in the marketing chain of fresh and dried fruits specifically handling operations, sorting, washing, cold storage, and transport so there are a number of critical control points for the entire production process. Presently not many Romanian producers have this certificate but the need for this certification will continue to increase.
- c) ISO 9001 and 14001- these certifications the Romanian government requires on commercial transactions with national institutions. As an example in participating with the national program "Fruits in Schools" or to supply fruits to other national institutions (eg. state hospitals) companies should have implemented some ISO management systems such as:
 - 9001:2008 (quality management)
 - 14001:2004 (environmental)

5.3. PACKAGING AND LABELING REQUIREMENTS

Certain packaging and labeling requirements must be adhered in order to trade in fresh produce in Romania. Several of these requirements are discussed below.

Homogeneity

The contents of each package must be uniform and contain vegetables or fruits of the same origin, variety, and quality. The visible part of the product in the package must be representative of the entire contents.

Packaging

Fruit and vegetables must be packed so as to protect them properly. The materials used inside the package must be new, clean and of such quality as to avoid causing any external or internal damage to the product. Use of materials, particularly paper or labels bearing trade specifications, is allowed provided the printing or labeling has been done with non-toxic ink or glue. If fruits and vegetables are wrapped, thin, dry, new and odorless packaging material must be used. The use of any substance that tends to modify the natural characteristics of the fruit and vegetables, especially the taste and smell, is prohibited. Packages must be totally free of foreign objects.

Labeling

In reality market players do not put much emphasis on labeling, because proper labeling is not effectively controlled by authorities. Romanian legislation does, however, impose certain rules on labeling. According to this each package must be labeled individually and legibly and clearly disclose the following:

- identify the packer and/or dispatcher: name and address or code mark, issued or recognized by an official;
- Nature of product (species and variety name on a voluntary basis);
- Product origin (country of origin and any production area whether national, regional or local);
- Commercial specifications: quality class and if the standard is required size and / or number of fruits in box.
- Official control • Mark (optional).

Additionally, for prepackaged products, information should be provided pertaining to quality standards and net weight.

6. CONCLUSIONS AND RECOMMENDATIONS

6.1. GENERAL CONCLUSIONS

The following general conclusions can be drawn from the research undertaken for this study:

- Among the fruits studied, only apples have seen consistent increases in total consumption in the Romanian market over the last 4 years. This is mainly due to the very slight decrease of apple imports while local production has slightly increased.
- The Romanian market for table grapes has had a steady decline of volume within the 2007-2010 period. This decrease in overall consumption can be attributed to less local production and falling imports due to soft demand.
- Overall consumption of peaches has experienced a steady decline during the same period with the exception of last year rebounding slightly. This can be accounted for by the decrease in imports as local production has remained constant. During the time frame for Moldovan peaches (July/Aug) the MEP is higher than the average price in the market. Other E.U countries such as Greece have very low priced product in the market with no MEP.
- Dried whole plums really have no significant volume with less than 440 tons of product being imported for the year into country. This product is not in demand except during the pre-Christmas and pre-Easter periods. There never has been any mainstream consumer following for dried plums as people prefer fresh fruit. The product in the market is very low priced and really no consumer awareness to dried plums.
- Per capita consumption of fresh fruit over the last four years is down 30% and this can be attributed partially to the economic crisis and shift in consumption patterns.
- In the high season, the Moldovan fruits are of low competitiveness, mainly due to the low prices charged for the Romanian products on their local food markets. For those fruits that are grown locally in Romania the same type of fruit can sell as much as 10 times in the off season as compared to the low priced offering during the high season.
- The Republic of Moldova has a preferential trade agreement with the EU (including Romania), that makes Moldovan fruits exempt from the ad valorem component of the customs tariffs. There is, however, a Minimum Entry Price (MEP) and applied duties for all exports priced below the MEP for that given time period. This protects other European supplier countries while severely restricting Moldovan shipments of apples and peaches during the majority of the year as they are no longer priced competitively for like offerings produced in the EU. To a significantly lesser extent this is a factor for Moldovan grapes since the MEP is in effect only till November 20th and then disappears until July the next year.
- Other countries outside the EU have the same preferential trade agreement and corresponding MEP, however, continuously take positions well below the entry price and sell very cheap in the Romanian market.
- For some Romanian import companies (especially due to their geographical location) the Moldovan products are not a good option due to the existence of other neighboring markets that offer their fruit at prices much cheaper than those from the Republic of Moldova.
- Romania is a very price sensitive market and the single most important factor for all fruits is the perceived value equation of the offering, quality relative to price. Irrespective of what the product tastes like, within limits, if it looks good with excellent perceived value it will sell.
- During the high season most of the fruits sold on the Romanian markets are of local origin, the volume of imports being rather insignificant in the open air markets as Romanians prefer local product when available. Color and not variety is important.

- There are two distinct markets for produce that have completely different parameters to effectively compete, 1) the open air market and 2) the modern retail formats. At the present time consumption is evenly split in these two areas but the modern retail formats are the ones growing rapidly at the expense of the open markets.
- Proper cold chain management and storage will be imperative to ship quality grapes and apples in pre-defined extended time periods when market conditions are most attractive.
- Moldovan producers will need to improve their overall quality if they are to effectively compete where the growth of consumption is taking place, the modern retail formats.
- Longer term supply relationships will need to be established between producers and a network of pre-qualified distributors/wholesalers interfacing regularly with the supermarkets.
- More flexibility in payment terms will be needed for those distributors supplying fruit to the retail supermarkets.
- Compliance to the more stringent quality and label requirements with the retail formats will be important in shifting volume to this fast growing sector.
- Although not all of them always being demanded European certifications, import regulations and standards, must be in compliance.
- All Moldovan fruit must hold up at least 7-10 days upon arrival as to effectively compete with fruit from other supply countries.

6.2. RECOMMENDATIONS

For Moldovan producers the Romanian market will provide some distinct opportunities to move select produce offerings into the European Union which will be very significant to expand further into that market. There will be a ample changes that need to be implemented to effectively compete in this market specifically in the modern retail formats where the future growth will take place. Presently Moldovan producers are shipping produce into Romania in small volumes only to the open air markets which account for 50% of consumption but continuing to decline. For the studied products the only items that have any profitable market potential is that of grapes and to a lesser degree apples. As concluded above both peaches and dried plums have little or no market potential in the near future to compete effectively.

The following recommendations are based on the findings and conclusion presented throughout this report:

Apples

- All apples must have good color whether red, yellow or green. Color and overall eye appeal are most important and red apples, such as Idared need to be at least 50% red.
- Must have size uniformity in box and generally should be 70 mm targeted size.
- Must have thinning of the fruit and do proper fertilization.
- Automated grading and sorting line should be at least explored.
- Post harvest practices (washing, grading, sorting, sizing, packing) implemented.

- Product should ship in November and December when local production is not prevalent and before Poland starts shipping bigger volumes in Jan/Feb. This time period is when pricing historically is higher than the MEP.
- Product should be stored in cold storage and entire cold chain kept intact as to maintain the products quality as urgently needed to effectively compete in the higher end market against Italy, Slovenia, Austria, within stated period when pricing is best.
- Packaging must protect the fruit and for retail should be 10-12 kg open carton or telescopic box and for open air markets wooden box can be used. Product needs to be packed understanding which market (open air or supermarket) the fruit is being shipped to.

Table grapes

Grapes of all the studied items has the best potential for the Romanian market although there are several modifications needed to more effectively compete during specified periods when market conditions are favorable.

- Only dark seeded varieties such as Moldova variety should be shipped to Romania as this hearty variety has a good reputation and faces less competition than the white varieties. White grapes from Moldova are too small and low in brix.
- Grapes should be shipped only in the time frame of mid November to February/March when local fruit is not in the market, there is no MEP, and pricing starts to increase. Shipments in early November is a possibility with MEP still in effect but historically below average market pricing. Competition will come from Italy and Turkey but Moldova dark seeded will be well positioned in the mid price range category.
- Grapes must be picked with large size bunches (preferably 600-800 grams) and be good size berries 20mm+ with green stems as required by supermarkets.
- Grapes must be pre-cooled with proper cold chain management to maintain the quality of arrivals during the specific periods when market conditions are best. This is needed to ensure product holding up in the depots for the minimum period of 7-10 days. This must be done to limit berries falling off the stem.
- Need to identify a growth stimulator to increase the size of the berries to meet the retail market requirements of 20mm and reverse the perception that Moldova variety has smaller berries. Proper thinning must also be done.
- Packaging in the winter months for retail format must be a smaller one layer wooden box of 4.0-4.5 kg with paper cushioning as to better protect the fruit. For retail formats requesting individual bagged fruit this should be perforated bags or open ended bags so the fruit can have proper aeration. Fruit shipped in closed carton boxes 10-12 kg should have a large perforated plastic bag for better protection as need be.
- Grapes cannot be over packed as this is not viewed as positive and causes excessive rubbing and does not allow proper ventilation of the fruit.

Peaches

The peach market in Romania is very competitive and Moldovan producers face very strong barriers to enter this market due to three main factors. First is the MEP which is higher than the historical average industry price for the period of Moldovan production July and August. Second, is the

abundance of local production at very cheap prices for the same period which is preferred by locals. The third factor is the very inexpensive products mainly from Greece that ship during the same time frame that have no MEP.

- Moldova should not ship peaches into Romania with the severe competition and MEP higher than the average industry price with large amounts of local production during this seasonal window.
- In the future if the following changes are made and fruit can compete with the high end offerings from Italy and Spain there may be some niche potential. This would entail numerous quality improvements, and other changes such as :
 - 1-Red Haven main variety, uniform large size fruit (70-80mm diameter)
 - 2-Fruit must be well shaped and be free from any visual defects (pristine)
 - 3-Pre-cooled immediately and cold chain management intact throughout the system.
 - 4-Minimum 7-10 days left on product upon arrival in depot
 - 5-Have a good percentage of red color (50%) on the fruit and be cosmetically attractive.
 - 6-Packed in wooden boxes of 8kg two layer and 5kg one layer cell packs
 - 7-Firm fruit on arrival

Even with all these quality upgrades it is still not recommended to ship Moldovan peaches into Romania any time in the near future. Moldovan producers cannot compete effectively with the MEP (0.60-0.78 EUR/ kg) and are at a distinct disadvantage with limited flexibility to react to market conditions in the face of stiff competition both locally and with other supplier countries who have no MEP.

Dried plums

- No market volume as product is only consumed twice a year before the Christmas and Easter holidays. Some shipments mainly for industrial use but very low priced.
- Small volumes are sold in retail packs as people do not traditionally eat dried plums. Consumer preference and awareness very low and will take a long time to turn this around as people prefer fresh fruits
- Romania ranks #6 in fresh plum production and if there was ever a demand they would do this themselves and not import.
- With these market conditions there is no need to export dried plums from Moldova into Romania.

Common recommendations

Besides the product specific fruit related recommendations there are several recommendations that are common for all fresh fruits intended to be exported to Romania:

- Correct harvesting as to pick the fruit with the right maturity and correct post-harvesting treatment, which will increase the time which product can be stored in cold storage.
- Applying correctly Integrated Pest Management in order to be able to comply with the severe sanitary and hygienic requirements imposed by the European Union and to meet the specific MRL's of Romania.

- Labeling requirements must be understood and conformed to as fruit shipments move from open air markets to supermarkets which have more stringent requirements.
- Fruits must be shipped in refrigerated trucks as not to break the cold chain and cause the fruit to break down.
- Fruits should be palletized and shipped with corner posts if possible to protect them during transport.
- Producers must establish a network of pre-qualified distributors/wholesalers to have a sustained presence in competing with the retail formats.
- Producers must establish with these pre-qualified distributors longer term supply relationships as to have continuous supply to meet the sustained volumes for retail order quantities.
- Producers must have more flexible payment terms as to compete effectively and work closely with the pre-qualified distributors/wholesalers.
- Food safety certification (GLOBALGAP and HACCP), marketing standards , packaging and labeling requirements and import regulations must be followed although all of them are not always requested by supermarkets.

ANNEX 1. EU CUSTOMS DUTIES FOR MOLDOVAN FRESH FRUITS

FRESH APPLES (HS Code: 0808108090)

(01-07-2011 - 15-07-2011)

V1	If the declared entry price is equal to or greater than 45.70 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 44.80 EUR / 100 kg	Apply a duty of 0 % + 0.90 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 43.90 EUR / 100 kg	Apply a duty of 0 % + 1.80 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 43.00 EUR / 100 kg	Apply a duty of 0 % + 2.70 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 42.00 EUR / 100 kg	Apply a duty of 0 % + 3.70 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 41.10 EUR / 100 kg	Apply a duty of 0 % + 4.60 EUR / 100 kg
V7	If the declared entry price is equal to or greater than 40.20 EUR / 100 kg	Apply a duty of 0 % + 5.50 EUR / 100 kg
V8	If the declared entry price is equal to or greater than 39.30 EUR / 100 kg	Apply a duty of 0 % + 6.40 EUR / 100 kg
V9	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 23.80 EUR / 100 kg

01-09-2011 - 31-12-2011

V1	If the declared entry price is equal to or greater than 45.70 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 44.80 EUR / 100 kg	Apply a duty of 0 % + 0.90 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 43.90 EUR / 100 kg	Apply a duty of 0 % + 1.80 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 43.00 EUR / 100 kg	Apply a duty of 0 % + 2.70 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 42.00 EUR / 100 kg	Apply a duty of 0 % + 3.70 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 23.80 EUR / 100 kg

CIDER APPLES, in bulk, from 16 September to 15 December (HS Code: 0808101000)

Tariff preference (16-09-2011 - 15-12-2011) : **0.36 EUR / 100 kg**

FRESH PEACHES (HS Code: 0809309000)

Tariff preference (01-01-2011 - 10-06-2011) : **0 %**

(21-06-2011 - 31-07-2011)

V1	If the declared entry price is equal to or greater than 77.60 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 76.00 EUR / 100 kg	Apply a duty of 0 % + 1.60 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 74.50 EUR / 100 kg	Apply a duty of 0 % + 3.10 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 72.90 EUR / 100 kg	Apply a duty of 0 % + 4.70 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 71.40 EUR / 100 kg	Apply a duty of 0 % + 6.20 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 13.00 EUR / 100 kg

(01-08-2011 - 30-09-2011)

V1	If the declared entry price is equal to or greater than 60.00 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 58.80 EUR / 100 kg	Apply a duty of 0 % + 1.20 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 57.60 EUR / 100 kg	Apply a duty of 0 % + 2.40 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 56.40 EUR / 100 kg	Apply a duty of 0 % + 3.60 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 55.20 EUR / 100 kg	Apply a duty of 0 % + 4.80 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 13.00 EUR / 100 kg

Tariff preference (01-10-2011 - 31-12-2011) : **0 %**

FRESH TABLE GRAPES (HS Code: 080610)

Tariff preference (01-01-2011 - 20-07-2011) : **0 %**

(21-07-2011 – 31.10.2011)

V1	If the declared entry price is equal to or greater than 54.60 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 53.50 EUR / 100 kg	Apply a duty of 0 % + 1.10 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 52.40 EUR / 100 kg	Apply a duty of 0 % + 2.20 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 51.30 EUR / 100 kg	Apply a duty of 0 % + 3.30 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 50.20 EUR / 100 kg	Apply a duty of 0 % + 4.40 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 9.60 EUR / 100 kg

(01-11-2011 - 20-11-2011)

V1	If the declared entry price is equal to or greater than 47.60 EUR / 100 kg	Apply a duty of 0 %
V2	If the declared entry price is equal to or greater than 46.60 EUR / 100 kg	Apply a duty of 0 % + 1.00 EUR / 100 kg
V3	If the declared entry price is equal to or greater than 45.70 EUR / 100 kg	Apply a duty of 0 % + 1.90 EUR / 100 kg
V4	If the declared entry price is equal to or greater than 44.70 EUR / 100 kg	Apply a duty of 0 % + 2.90 EUR / 100 kg
V5	If the declared entry price is equal to or greater than 43.80 EUR / 100 kg	Apply a duty of 0 % + 3.80 EUR / 100 kg
V6	If the declared entry price is equal to or greater than 0 EUR / 100 kg	Apply a duty of 0 % + 9.60 EUR / 100 kg

Tariff preference (21-11-2011 - 31-12-2011) : **0 %**

Source: European Commission

ANNEX 2. EU MARKETING STANDARDS FOR APPLES, PEACHES AND TABLE GRAPES

MARKETING STANDARD FOR APPLES

I. DEFINITION OF PRODUCE

This standard applies to apples of varieties (cultivars) grown from *Malus domestica* Borkh. To be supplied fresh to the consumer, apples for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must provide apples after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, the apples must be:

- Whole
- Sound, produce affected by rotting or altered so that it unfit for consumption;
- Clean, without any visible foreign matter,
- Free from pests
- Free from damage caused by pests affecting the flesh,
- No serious forms of vitrescence except Fuji variety and its mutations,
- Free of abnormal external moisture,
- Odor and / or taste.

Developing and apples should allow state:

- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Apples must be sufficiently developed to provide a satisfactory degree of ripeness.

Development of apples and their stage of maturity to enable them to continue baking process and achieve ripeness required in relation to the varietal characteristics.

To verify the minimum maturity requirements, may be taken into account more parameters (eg, morphological appearance, taste, firmness and refractive index).

C. Classification

Apples are classified in three classes defined below:

(I) "Extra"

Apples in this class must be of superior quality. Must be characteristic of the variety [2], and the stalk must be intact.

Apples must provide the following minimum surface color characteristic of the variety:

- Three quarters of the total red color for group A,
- Half of the total red color mixed for group B
- 1 / 3 of the total area of slightly red color, red or black ribbed for group C.

The flesh must be perfectly healthy.

Apples should be free from defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:

- Very slight skin defects,
- Very slight roughness [3], for example:
- Brown spots not exceeding the stem cavity and can not be harsh and / or
- Slight traces and isolated roughness.

(li) Class I

Apples in this class must be of good quality. Must be characteristic of the variety [4].

Apples must provide the following minimum surface color characteristic of the variety:

- Half of the total red color for group A,
- One third of the total red color mixed for group B
- 1 / 10 of total area of slightly red color, red or black ribbed for group C.

The flesh must be perfectly healthy.

However, following slight defects may be allowed, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:

- A slight defect in shape,
- A slight defect in development
- A slight defect in coloring,
- Slight dents whose total area does not exceed 1 cm², without fading,
- Slight skin defects not exceeding:
 - 2 cm long, oblong-shaped defects,
 - 1 cm² in total area for other defects, except rapanui (*Venturia inaequalis*), which, overall, should not affect a larger area of 0.25 cm²
- Slight roughness [5], for example:
 - Brown spots that can exceed the stem cavity or cavities than blossom, but can be severe and / or
 - Roughness thin hairs not exceeding one fifth of the total fruit and not color contrast with general fruit and / or
 - Dense roughness not exceeding one twentieth of the total fruit, together roughness of thin hairs and dense roughness can not exceed a maximum of one fifth of the total fruit.

Stalk may be missing, provided that section adjacent skin is clean and not damaged.

(lii) Class II

This class includes apples which do not fall in the higher classes but satisfy the minimum requirements specified above.

The pulp must not have major defects.

The following defects may be allowed, provided that the apples retain their essential characteristics of quality, preservation and presentation:

- Defects in shape,
- Defects in development
- Defects in coloring,
- Slight dents not exceed 1.5 cm² surface area, which may be slightly discolored skin,
- Skin defects not exceeding:

- 4 cm long, oblong-shaped defects,
- 2.5 cm² in total area for other defects, except rapanui (*Venturia inaequalis*), which, overall, should not affect an area greater than 1 cm²;
- Slight roughness [6], for example:
 - Brown spots that can exceed the stem cavity or cavities and are slightly rough blossom and / or
 - Roughness thin hairs not exceeding half of the total fruit and not color contrast with general fruit and / or
 - Dense roughness not exceeding one third of the total fruit;
 - Together roughness of thin hairs and dense roughness cannot exceed more than half of the total fruit.

III. PROVISIONS CONCERNING SIZING

Size is determined either by the maximum diameter of the equatorial section or by weight.

Minimum size is 60 mm, if one takes into account the diameter, or 90 g if weight is taken into account. You can accept smaller fruit sizes, if the Brix of the products is equal to or greater than 10.5 ° Brix and the size is at least 50 mm or 70 g.

To ensure homogeneity of the size, size differences between the products of the same package must not exceed:

(A) for fruit sized according to diameter:

- 5 mm fruit of 'Extra' Class and Classes I and II fruit packed in rows and layers. However, for Bramley's Seedling apple varieties (Bramley, Triomphe of Kiel) and Horneburger, the difference in diameter can be up to 10 mm
- 10 mm for Class I fruit packed loose in the container or packaging for sale. However, for Bramley's Seedling apple varieties (Bramley, Triomphe of Kiel) and Horneburger, the difference in diameter can be up to 20 mm or

(B) for fruit sized according to weight:

- For apples in the "Extra" Class and Class I and II packed in rows and layers:

Interval (g) | difference in weight (g) |

70-90 | 15 g |

91-135 | 20 g |

136-200 | 30 g |

201-300 | 40 g |

> 300 | 50 g |

- For Class I apples in bulk packaging or in packaging for sale.

Interval (g) | Uniformity (g) |

70-135 | 35 |

136-300 | 70 |

> 300 | 100 |

There is no sizing uniformity requirement for Class II fruit packed loose in the container or packaging for sale.

IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size for each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

(i) "Extra"

It allows a total of 5 percent of the apples (by number or weight) do not meet the class, but meet those of Class I. Within this tolerance, up 0.5 percent in total can be produced which meet the quality requirements of Class II.

(ii) Class I

It allows a total of 10 percent of the apples (by number or weight) may not meet the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.

(iii) Class II

It allows a total of 10 percent of the apples (by number or weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products can not exceed 2%.

B. Calibration Tolerances

For all classes: it allows a total of 10% of the apples (by number or weight) do not meet size requirements. This tolerance can be extended to include products with a size of:

- 5 mm or more below the minimum diameter
- 10 g or more below the minimum weight.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

Each package must contain uniform and contain only apples of the same origin, variety, quality and size (if sized) and the same degree of ripeness.

Also, if the category 'Extra' uniformity in terms of color.

However, it can be packed together in a package selling a mixture of apples of different varieties, provided they have a homogeneous quality and, for each variety, the same origin.

The visible part of the contents of the package must be representative of the entire content.

B. Packaging

Apples must be packed so as to ensure adequate protection of products. In particular, sales packaging with a net weight over 3 kg should be sufficiently rigid to protect the produce properly.

The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.

Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.

Packages must not contain foreign materials.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside.

A. Identification

Name and address of the packer and / or the dispatcher.

The name may be replaced:

- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher '(or equivalent abbreviations);

- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce

- "Apples" if the contents are not visible from the outside;

- Denomination. If a mixture of apples of different varieties, the names of these varieties.

- The denomination may be replaced by a synonym. Mutation name or trade name may only be provided in addition to the variety or its synonym.

C. Origin of produce

Country of origin [7] and, optionally, district where grown, or national area, regional or local level.

If a mixture of different varieties of apples of different origins, indicating each of the countries of origin must appear next to the name of the variety concerned.

D. Commercial specifications

- Category

- Size or, for fruit packed in rows and layers, number of units.

If the identification is carried out according to the size it should be indicated:

(A) for products subject to the uniformity rules, the minimum and maximum diameter or minimum and maximum weight;

(B) for products not subject to the uniformity rules, the diameter or weight of fruit in the smallest package, followed by (a) the words "and over" or some equivalent or, where appropriate, the diameter or weight of the most great fruit in the package.

E. Official control mark (optional)

The reference to indications in the first paragraph is not required for packages containing sales packages, clearly visible from the outside, all wearing these indications. These packages must not bear indications that mislead. When these packages are placed on pallets, these particulars must appear on a card placed visibly at least two sides of the pallet.

MARKETING STANDARD FOR PEACHES AND NECTARINES

I. DEFINITION OF PRODUCE

This standard applies to peaches and nectarines of varieties (cultivars) grown from *Prunus persica* Sieb. and Zucca. to be supplied fresh to consumers, peaches and nectarines for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must peaches and nectarines, after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, peaches and nectarines must be:

- Whole
- Sound, produce affected by rotting or altered so as unfit for consumption
- Clean, without any visible foreign matter,
- Free from pests
- Free from damage caused by pests affecting the flesh,
- Without fruit split in stem cavity,
- Free of abnormal external moisture,
- Odor and / or taste.
- Development and condition of peaches and nectarines should allow:
- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Fruits should be sufficiently developed to provide a satisfactory degree of ripeness. Refractive index of the pulp minimum must be at least 8 ° Brix.

C. Classification

Peaches and nectarines are classified into three classes defined below:

(I) "Extra"

Peaches and nectarines in this class must be of superior quality. Must be characteristic of the variety.

The flesh must be perfectly healthy.

Peaches and nectarines should be free from defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, preservation and presentation of their packaging.

(ii) Class I

Peaches and nectarines in this class must be of good quality. Must be characteristic of the variety. The flesh must be perfectly healthy.

However, defects may be allowed following slight defects, provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:

- A slight defect in shape,
- A slight defect in development
- Slight defect in coloring,
- Slight traces of surface area caused by pressure does not exceed 1 cm²,
- Slight skin defects not exceeding:
 - 1.5 cm long, oblong-shaped defects,
 - 1 cm² in total area for other defects.

(iii) Class II

This category includes peaches and nectarines which do not fall in the higher classes but satisfy the minimum requirements specified above.

The pulp must not have major defects. May be allowed following skin defects, provided that peaches and nectarines to retain the essential characteristics of quality, preservation and presentation:

- Defects in shape,
- Developmental defects, including split stones, provided the fruit is closed and the pulp is healthy
- Defects in coloring,
- Dents, whose total area not exceeding 2 cm² skin may be slightly discolored,
- Skin defects not exceeding:
 - 2.5 cm long, shaped defects elongated
 - 2 cm² in total area for other defects.

III. PROVISIONS CONCERNING SIZING

Size is determined either by the maximum diameter of the equatorial section or by weight or by count.

Minimum size is:

- 56 mm or 85 g for 'Extra' class,
- 51 mm or 65 g for groups I and II (if sized).

However, fruits with sizes smaller than 56 mm or 85 g is not sold in the period July 1 to October 31 (northern hemisphere) and between 1 January and 30 April (in southern hemisphere).

If Class II, the following provisions are optional:

To ensure homogeneity of the size, size differences between the products of the same package must not exceed:

(A) In the case of fruit sized according to diameter:

- 5 mm for fruit diameter below 70 mm
- 10 mm for 70 mm fruit diameter.

(B) In the case of fruit sized according to weight:

- 30 g for fruit weighing less than 180 g,
- 80 g for fruit weighing over 180 g.

(C) In the case of fruit graded by size, the difference in size must comply with the provisions of paragraph (a) or (b).

Where the calibration code must be respected the table below.

| Code | diameter | weight |

from | to | from | to |

(Mm) | (mm) | (g) | (g) |

1 | D | 51 | 56 | 65 | 85 |

2 | C | 56 | 61 | 85 | 105 |

3 | B | 61 | 67 | 105 | 135 |

4 | A | 67 | 73 | 135 | 180 |

5 | AA | 73 | 80 | 180 | 220 |

6 | AAA | 80 | 90 | 220 | 300 |

7 | YYY | > 90 | > 300 |

IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size in each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

(i) "Extra"

It allows a total of 5 percent of the peaches or nectarines (number or weight) do not meet the class, but meet those of Class I. Within this tolerance, up 0.5 percent of total can be Class II products that meet quality requirements.

(ii) Class I

It allows a total of 10 percent of the peaches or nectarines (number or weight) may not meet the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.

(iii) Class II

It allows a total of 10 percent of the peaches or nectarines (number or weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products can not exceed 2%.

B. Calibration Tolerances

For all classes (if sized): it allows a total of 10% of peaches or nectarines (number or weight) do not meet size requirements.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

Each package must contain uniform and contain only peaches or nectarines of the same origin, variety, quality, ripeness and size (if sized) and for category 'Extra' content must also be , homogeneous in terms of color.

The visible part of the contents of the package must be representative of the entire content.

B. Packaging

Peaches and nectarines must be packed so as to ensure adequate protection of products.

The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.

Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.

Packages must not contain foreign materials.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside:

A. Identification

Name and address of the packer and / or the dispatcher.

The name may be replaced:

- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher '(or equivalent abbreviations);

- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce

- "Peaches" or "Nectarines" if the contents are not visible from the outside.

- Color of flesh.

- Name of variety (optional).

C. Origin of produce

Country of origin [16] and, optionally, district where grown, or national area, regional or local level.

D. Commercial specifications

- Category.

- Size (for calibration), expressed by minimum and maximum diameter (in mm) by minimum and maximum weight (g) or code size.

- Number of units (optional)

E. Official control mark (optional)

The reference to indications in the first paragraph is not required for packages containing sales packages, clearly visible from the outside, all wearing these indications. These packages must not bear indications that mislead. When these packages are placed on pallets, these particulars must appear on a card placed visibly at least two sides of the pallet.

MARKETING STANDARD FOR TABLE GRAPES

I. DEFINITION OF PRODUCE

This standard applies to table grapes of varieties (cultivars) grown from *Vitis vinifera* L. to be supplied fresh to consumers, table grapes for industrial processing being excluded.

II. PROVISIONS CONCERNING QUALITY

Purpose of the standard is to define quality requirements that must provide table grapes after preparation and packaging.

A. Minimum requirements

In all classes, subject to special provisions for each class and the tolerances allowed, bunches and berries must be:

- Sound, produce affected by rotting or altered so as unfit for consumption

- Clean, without any visible foreign matter,

- Free from pests

- Free from damage caused by pests,

- Free of abnormal external moisture,

- Odor and / or taste.

Also, the beans must be:

- Whole
- Well formed,
- Normally developed.

Pigmentation due to sun is not a defect.

The development and condition of the table grapes must allow:

- To withstand transport and handling and
- To arrive in satisfactory condition at destination.

B. Maturity requirements

Fruit juice should have a refractive index less than:

- 12 ° Brix in the case of varieties Alphonse Lavallée, Cardinal and Victoria
- 13 ° Brix for all other seeded varieties,
- 14 ° Brix for all seedless varieties.

In addition, all varieties must report sugar / acidity satisfactory.

C. Classification

Table grapes are classified in three classes defined below:

(I) "Extra"

Table grapes in this class must be of superior quality. They must be characteristic variety, given the production area. Berries must be firm, firmly attached, evenly spaced along the stalk and covered with bloom.

The grapes must be free of defects with the exception of very slight superficial defects, provided these do not affect the general appearance of products, quality, preservation and presentation of their packaging.

(Ii) Class I

Table grapes in this class must be of good quality. They must be characteristic of the variety, taking into account the production area. Berries must be firm, firmly attached and, if possible, covered with bloom. Distribution of grains per cluster can still be less uniform than in category "Extra."

However, following slight defects may be allowed provided these do not affect the general appearance of products, quality, maintenance and their presentation in the package:

- A slight defect in shape,
- Slight defect in coloring,
- Very mild sunburn, which affects only the epidermis.

(Iii) Class II

This class includes table grapes which do not fall in the higher classes but satisfy the minimum requirements specified above.

Bunches may show slight defects in shape, and color development, provided that these do not affect the essential characteristics of the variety, allowing the production area.

Berries must be sufficiently firm and sufficiently firmly attached and, if possible, covered with bloom. Distribution of the cluster may be less uniform than in category I.

The following defects may be allowed, provided the table grapes to retain their essential characteristics of quality, preservation and presentation:

- Defects in shape,
- Defects in coloring,
- Slight sunburn, which affects only the epidermis,
- Slight traces of the impactor,
- Slight skin defects.

III. PROVISIONS CONCERNING SIZING

Size is determined by the weight of the bunch.

Minimum weight of a cluster is 75 g. This does not apply to packages containing single portions.

IV. PROVISIONS CONCERNING TOLERANCES

In all stages of marketing, the tolerance on the quality and size in each lot for produce not satisfying the requirements of the class indicated.

A. Quality tolerances

i) "Extra"

It allows a total of 5 percent of the clusters (in weight) do not meet requirements of the class, but meet those of Class I. Within this tolerance, up 0.5 percent in total can be produced to meet Class II quality.

ii) Class I

It allows a total of 10 percent of the clusters (in weight) do not meet requirements of the class, but meet those of Class II. Within this tolerance, not more than 1 percent in total can be produced that do not meet any quality requirements of Class II nor the minimum requirements, or altered products.

iii) Class II

It allows a total of 10 percent of the clusters (in weight) to do nothing requirements of the class nor the minimum requirements. Within this tolerance, the total proportion of altered products can not exceed 2%.

B. Calibration Tolerances

For all classes: it allows a total of 10% of clusters (in weight) do not meet size requirements. In order to adapt the weight of each sales package may contain a bunch weighing less than 75 g, provided the bunch meets all other requirements of the category specified.

V. PROVISIONS CONCERNING PRESENTATION

A. Uniformity

Each package must contain uniform and contain only bunches of the same origin, variety, quality and degree of ripeness.

When 'Extra' class, the bunches must be approximately homogeneous in terms of size and color.

However, it can be packed together in a container a mixture of grapes of different varieties, provided they have a homogeneous quality and, for each variety, the same origin.

The visible part of the contents of the package must be representative of the entire content.

B. Packaging

Table grapes must be packed so as to ensure adequate protection of products.

The materials used inside the package must be clean and quality so as to avoid causing any external or internal damage products. Use of materials, particularly paper or stamps bearing trade specifications is allowed provided the printing or labeling has been done with non-toxic ink or glue.

Stickers individually affixed on product shall be removed without leaving visible traces of glue and without causing skin defects.

Packages must not contain foreign materials, although a fragment of up to 5 cm long tendril can remain attached to the cluster as a special presentation.

VI. PROVISIONS CONCERNING MARKING

Each package must bear the following particulars in letters grouped on the same side, the marking is legible, indelible and visible from the outside:

A. Identification

Name and address of the packer and / or the dispatcher.

The name may be replaced:

- For all packages, except for pre-packages, the code representing the packer and / or sender, issued or recognized by an official body, indicated with the reference "packer and / or Dispatcher '(or equivalent abbreviations);
- Only if pre-packages, the name and address of a seller established within the Union, indicated with the mention 'Packed for:' or an equivalent mention. In this case, the labeling must also contain a code representing the packer and / or the dispatcher. In connection with the meaning of this code, the vendor shall provide all information deemed necessary by the inspection body.

B. Nature of produce

- "Table grapes" if the contents are not visible from the outside.
- Denomination. If a mixture of grapes from different varieties, the names of these varieties.

C. Origin of produce

- Country of origin and, optionally, district where grown, or national area, regional or local level.
- If a mixture of different varieties of grapes of different origins, indicating each of the countries of origin must appear next to the name of the variety concerned.

D. Commercial specifications

- Category.
- Where appropriate, the words "bunches weighing less than 75 g, representing single portions."

E. Official control mark (optional)

The reference to indications in the first paragraph is not required for packages containing sales packages, clearly visible from the outside, all wearing these indications. These packages must not bear indications that mislead. When these packages are placed on pallets, these particulars must appear on a card placed visibly at least two sides of the pallet.

ANNEX 3. LIST OF POTENTIAL BUYERS

COMPANY	CONTACT PERSON	LOCATION	CONTACT
Carrefour Romania SA	Arnaud Dussaix - Acquisitions Director	Bucharest	T: 0040 212067400 F: 0040 212067451 office@carrefour.ro www.carrefour.ro
Carrefour Orhideea	Bogdan Stanciu - Fruits and Vegetables Dep.	Bucharest	T: 0040 213177646 F: 0040 213177636 standard_orhideea@carrefour.ro www.carrefour.ro
Carrefour Baneasa	Laurentiu Tampa - Fruits and Vegetables Dep.	Bucharest	T: 0040 213118900 F: 0040 213118903 tampa@carrefour.ro www.carrefour.ro
Carrefour Colentina	Valentin Done - Fruits and Vegetables Dep.	Bucharest	T: 0040 213013700 F: 0040 216555984 standard_colentina@carrefour.ro www.carrefour.ro
Real - Hypermarket Romania SRL	Eugen Stirbu – Acquisitions Director	Bucharest	T: 0040 314031000 F: 0040 314031009 eugen.stirbu@real-hypermarket.ro www.real-hypermarket.ro
Cora Pantelimon	Elena Mihaela Mocanu - Fruits and Vegetables Dep.	Bucharest	T: 0040 212053500 F: 0040 212053651 pa@cora.ro www.cora.ro
Cora Lujerului	Daniel Chirita - Fruits and Vegetables Dep.	Bucharest	T: 0040 214075500 F: 0040 214075555 lj@cora.ro www.cora.ro
Metro Cash & Carry Romania	Bart Van Werkum – Fruits and Vegetables Dep.	Voluntari, Ilfov county	T: 0040 314234140 F: 0040 314234149 pr@metro.ro www.metro.ro
Metro Cash & Carry Voluntari	Ramona Lazariu – Fruits and Vegetables Dep.	Voluntari, Ilfov county	T: 0040 212703793 F: 0040 212703802 secrdir.voluntari@metro.ro www.metro.ro
Metro Cash & Carry Baneasa	Loredana Ciurea- Fruits and Vegetables Dep.	Bucharest	T: 0040 212003195 F: 0040 212003106 secrdir.baneasa@metro.ro www.metro.ro
Metro Cash &	Razvan Enache- Fruits and	Ghimbav,	T: 0040 268258430

Carry Brasov	Vegetables Dep.	Brasov County	F: 0040 268258425 secrdir.brasov@metro.ro www.metro.ro
Metro Cash & Carry Ploiesti	Podaru Marius - Fruits and Vegetables Dep.	Prahova County	T: 0040 244402150 F: 0040 244597696 secrdir.ploiesti@metro.ro www.metro.ro
Selgros Cash & Carry	Claudia Lascu – Fruits and Vegetables Acquisitions Dep.	Brasov	T: 0040 268307300 F: 0040 268307210 claudia.lascu@selgros.ro www.selgros.ro
Selgros Pantelimon	Stefan Argeseanu – Fruits and Vegetables Dep.	Pantelimon, Ilfov county	T: 0040 212093000 F: 0040 212093199 143_bl@selgros.ro www.selgros.ro
Selgros Berceni	Iulian Malciu – Fruits and Vegetables Dep.	Bucharest	T: 0040 214068000 F: 0040 214068199 145_bl@selgros.ro www.selgros.ro
Selgros Baneasa	Stefan Savu– Fruits and Vegetables Dep.	Bucharest	T: 0040 213078000 F: 0040 213078199 contact@selgros.ro www.selgros.ro
Billa Romania	Calin Stirbu - Fruits and Vegetables Acquisitions Dep.	Bucharest	T: 0040 212055600 F: 0040 212055663 c.stirbu@billa.ro www.billa.ro
Mega Image	Diana Dobre - Fruits and Vegetables Acquisitions Department	Bucharest	T: 0040 212246677 F: 0040 212246011 ddobre@mega-image.ro www.mega-image.ro
Penny Market		Ștefănești de Jos, Ilfov county	T: 0040 372128800 www.penny.ro
Auchan Romania	Dep. Fresh products	Bucharest	T: 0040 214080107 F: 0040 212232024 pp@auchan.ro www.auchan.ro
PGB - Bucharest Wholesale Market	Gratiela Claudia Lucaciu – Commercial Director	Bucharest	T: 0040 214610050 F: 0040 214610472 gratiela.lucaciu@pgb.ro

PGC - Cluj Wholesale Market	Andrian Portarescu – Fruits and Vegetables Dep.	Apahida commune, sat Dezmir, Cluj county	T: 0040 264504200 administrator@agrotransilvania.ro www.piata-agricola.ro
PGT - Timisoara Wholesale Market		Timisoara	T: 0040 256494482 office@piete-sa.ro www.piete-sa.ro
Depozit XL Iasi		Iasi	T: 0040 232227282 F: 0040 232224554 iasi@depozitxl.ro www.depozitxl.ro
Depozit XL Suceava		Suceava	T: 0040 230526353 F: 0040 230526564 suceava@depozitxl.ro www.depozitxl.ro
Asil 2000 Trading Impex SRL	Malik Kablan – general manager	Afumati, Ilfov county	T: 0040 723399888 F: 0040 213690909 www.asil2000.com
Su Market	Edhem Yeral – Financial Director	Afumati, Ilfov county	T: 0040 212329012 F: 0040 212329012 office@sumarket.ro www.sumarket.ro
Abbara Trading Co SRL		Voluntari, Ilfov county	T: 0040 22325170 F: 0040 213529442 office@abbara.ro www.abbara.ro
Distrifrut SRL	Mariana Petre - General Director	Bucharest	T: 0040 744483000 F: 0040 213277086
Pasha Ice-Land Warehouse SRL		Afumati, Ilfov county	T: 0040 213103234 F: 0040 213106292
Tip Dole SRL	Claudiu Cojocaru – Fruits and Vegetables Dep.	Suceava	T: 0040 230526254
YukseK International Fruct SRL	Mirela Petrescu – Fruits and Vegetables Dep.	Stefanestii de Jos, Ilfov county	T: 0040 372168500 F: 0040 372168501 office@yukseK.ro www.yukseK.ro
Agroaliment SRL		Vulcan, Hunedoara county	T: 0040 254571475
Suk Star		Cluj-Napoca	T: 0040 264169707

Prodcom Impex SRL			F: 0040 264436275
Trans Akropol SRL		Bucharest	T: 0040 213140150
Distrib Manu SRL		Moinesti, Bacau county	T: 0040 722976222 F: 0040 234306019
Frutti Grup Co	Amir Bazzaz – General Director	Afumati, Ilfov county	T: 0040 213690906 F: 0040 213690905 amir@fruttigrup.com www.fruttigrup.com
Romfruit Comex SRL		Arad	T: 0040 257270633 F: 0040 257270633 contact@romfruit.ro www.romfruit.ro
Livcom Impex SRL		Bucharest	T: 0040 2506473 contact@livcom.ro www.livcom.ro
Fru & Leg SRL	Alexandru Clinci - acquisition director	Bucharest	T: 0040 213203126 office@fru-leg.ro www.solutions4restaurants.ro
Inexdor SRL	Adrian Stan – Fruits and Vegetables Dep.	Fagaras, Brasov county	T: 0040 268544392 F: 0040 268544392 office@inexdor.ro www.inexdor.ro
Fresh Fruits Distribution SRL	Lupu Iulian - administrator	Bucharest	T: 0040 769605060 F: 0040 214610385 office@fresh-fruits.ro www.fresh-fruits.ro
Bella International SRL	Altin Koceku - acquirer	Oradea	T: 0040 359196811 F: 004 359196813 office@bellainternational.info www.bellainternational.info
Rouke Trading SRL		Bucharest	T: 0040 212306593 F: 0040 212306593 office@rouke.ro www.rouke.ro
Alfredo Fresh SRL		Afumati, Ilfov county	T: 0040 311309164 F: 0040 314056104 office@alfredo.ro www.alfredo.ro
Fruitland SRL	Romeo Guidi – Fruits and Vegetables Dep.	Lugasu de Jos, Bihor county	T: 0040 259346368 info@fruitland.ro

Fortuna Legume-Fructe SRL	Biro Elisabeta – Fruits and Vegetables Dep.	Gheorghieni, Harghita county	T: 0040 266364729 F: 0040 266364729
Dole Romania SRL		Bucharest	T: 0040 232211235
Gulyeli Trading Impex SRL		Bucharest	T: 0040 213690862 F: 0040 213690862
Fructexport International SRL	Stoiculescu Madalina – Fruits and Vegetables Dep.	Bucharest	T: 0040 723798783
Exotic Fruit Srl		Alba Iulia, Alba county	T: 0040 258819652
Ovm Total 2003 SRL	Oancea Marin – general director	Bucharest	T: 0040 745404536 oancea@ovm@yahoo.com
MegaFruct SRL	Nemedi Csaba Gavrila	Timisoara, Timis county	T: 0040 256210315 office@megafruct.ro www.megafruct.ro
Galaxy Fruct SRL		Voluntari, Ilfov county	T: 0040 740090880 www.galaxyfruct.ro
Romaldo SRL		Timișoara, Timis county	T: 0040 256244918 F: 0040 256244918 office@romaldo.ro www.romaldo.ro
Farcas Company SRL	Untila Iordanescu Farcas – general director	Craiova, Dolj county	T: 0040 741042448 F: 0040 351172368 www.farcas-company.ro
M&M Kuris SRL	Simona Kuris - administrator	Constanta	T: 0040 0241 510744 F: 0040 0241 510744 contact@mmkuris.ro www.mmkuris.ro
Laura 22 SRL	Ghergut Laura	Constanta	T: 0040 241585793 F: 0040 241585793 www.laura22.ro
E&A Carmen Impex SRL		Bucharest	T: 0040 213105756 F: 0040 213104761 office@distributie-legume-fructe.ro
Mondo Fruit Distribution SRL	Eremia Ligia – commercial director	Braila	T: 0040 744318822 ligia_eremia@yahoo.com
Orantes Fruct SRL		Afumati, Ilfov county	T: 0040 213690776 F: 0040 21 3690804 marketing@orantesfruct.ro

			www.orantesfruct.ro
Biafruct Impex SRL	Lisita Marilena		T: 0040 767264096 F: 0040 213690990
Agricantus SRL	Fatih Ozmen - administrator	Afumati, Ilfov county	T: 0040 212254741 F: 0040 212254744 agricantus@agricantus.ro www.agricantus.ro
Maxfruit SRL	Nail Al-Sabzachi - administrator	Afumati, Ilfov county	T: 0040 213690835 F: 0040 213699868 office@maxfruit.ro www.maxfruit.ro
Partenope Frutta SRL	Fieraru Luminita	Rm. Sarat, Buzau county	T: 0040 238566000
Firma Batul Micro Impex SRL	Draghici Mihaela	Afumati, Ilfov county	T: 0040 214916176
Pancho Imporex SRL*	Gutu Stefan, administrator	Bucharest	T: 0040 746600900
Algida Center SRL*	Nicolae Florin, Purchasing Dept.	Afumati, Ilfov country	T: 0040 213513530 office@algida.ro
Valcar Group SRL*	Valentin Christea	Voluntari, Ilfov county	T: 0040 769220555 F: 0040 212703190 office@valcargroup.ro www.valcargroup.ro
Interfruct SRL*	Bartis Stefan – Fruits and Vegetables Dep.	Afumati, Ilfov county	T: 0040 724550810 F: 0040 318174799 office@interfruct.ro www.interfruct.ro
Total Fruits SRL*	Tamer, Voluntari market B27,	Afumati, Ilfov country	T: 0040 724 834635

* These are large and medium size wholesalers dealing with fresh apples, table grapes and peaches, visited during the market assessment in August 2011 and manifested interest towards Moldovan fruits.